

Industry Letter



December 15, 2004

Subject: Revisions to Freddie Mac's purchase requirements based on the enactment of antipredatory lending legislation in Indiana

TO: All Freddie Mac Sellers and Servicers

As part of our continuing commitment to combat predatory lending, Freddie Mac is revising its requirements for the purchase of Mortgages secured by Mortgaged Premises located in Indiana in response to Indiana's Home Loan Practices Act (I.C. 24-9, the "Indiana Act").

The following apply to Mortgages with Note Dates on or after January 1, 2005, that are secured by Mortgaged Premises located in Indiana:

- Mortgages secured by Mortgaged Premises in Indiana that are High Cost Home Loans as defined by the Indiana Act are not eligible for delivery to Freddie Mac.
- The Seller must represent and warrant that it will not sell to Freddie Mac High Cost Home Loans as defined by the Indiana Act or any other ineligible Mortgages.

At this time, there are no changes to our delivery requirements.

In accordance with provisions of Section 6.2(a) of the *Single-Family Seller/Servicer Guide* (Guide), Sellers must comply with all applicable laws, regulations and orders. Sellers must have policies and procedures in place to avoid selling ineligible Mortgages to Freddie Mac, and must retain appropriate documentation in their loan files to demonstrate that each Mortgage delivered to Freddie Mac complies with applicable laws, regulations and orders.

Without limiting any other remedies set forth in the Purchase Documents, Freddie Mac may notify a Seller in writing, at any time, that the Seller is ineligible to deliver, or is subject to a maximum purchase amount for, Mortgages secured by Mortgaged Premises in Indiana. Freddie Mac will conduct post-purchase reviews of Mortgages secured by Mortgaged Premises in Indiana. If a Mortgage does not comply with the Guide, or is determined to violate any law or regulation, Freddie Mac will request that the Seller repurchase the Mortgage.

Conclusion

Although they are effective on the date indicated above, these new requirements will be incorporated into Chapter 22 and Exhibit 26 as Discretionary Provisions in a future Guide Bulletin. Until that time, Sellers must retain this Industry Letter for Freddie Mac's purchase requirements for Mortgages secured by Mortgaged Premises in Indiana.

For questions about these changes to Freddie Mac's purchase requirements, please call (800) FREDDIE.

Sincerely,

A handwritten signature in black ink, appearing to read "D. H. Stevens". The signature is fluid and cursive, with a large initial "D" and "H".

David H. Stevens
Senior Vice President
Single-Family Sourcing