

# Announcement

Attention All Correspondent Lending Sellers:  
CA 18-072 Government Loan Insurance Extension and Uninsured Loan Deposit

July 25, 2018

## **Subject Summary**

Freedom Mortgage Correspondent Lending, Specialty Lending, Renovation Lending, and Rural Housing are issuing this announcement to advise Sellers of a policy change for uninsured government loans (FHA, VA and Rural Housing).

The Seller must deliver the “Insurance Certificate” in accordance with Section [565.05\(a\)](#) of the Seller Guide, as follows:

- FHA Mortgage Insurance Certificate (E-MIC) and VA Loan Guaranty Certificate (LGC) within 60 days of loan disbursement, and
- Rural Housing Loan Note Guarantee (LNG) within 30 days of loan purchase.

Loans that remain uninsured after these delivery deadlines are subject to repurchase, in accordance with Section [305.04](#). However, Freedom Mortgage Corporation may, at its sole discretion and without waiving any of its repurchase or other rights, offer the Seller

- Additional time to provide the Insurance Certificate (an “Insurance Extension”), or the
- Option to indemnify Freedom Mortgage Corporation in accordance with Section [305.10.b](#) (an “Indemnification Option”).

An Insurance Extension and Indemnification Option are collectively referred to as “Repurchase Alternative.”

## **Effective Date**

Effective for all Government Loans (FHA, VA and Rural Housing) in the pipeline that are not insured as of July 25, 2018 and forward.

## **Uninsured Government Loan Deposit**

In the case of each Repurchase Alternative, the Seller must immediately deposit with Freedom Mortgage Corporation an amount equal to twenty percent of the unpaid principal balance of the applicable loan (the “Deposit”) to be retained by Freedom Mortgage Corporation as cash security for the insuring of the loan.

- Freedom Mortgage Corporation will not be required to pay any interest on the Deposit.
- Freedom Mortgage Corporation will have the right to commingle the Deposit with its other funds.

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- Freedom Mortgage Corporation may use the whole or any part of the Deposit for the payment of any amount to which the Seller is in default under the Repurchase Alternative or Program Documents, as defined in the Glossary to the Seller Guide, or to compensate Freedom for any loss or damage it may suffer as a result of the Seller's default under the Repurchase Alternative or Program Documents
  - If the Seller complies fully and faithfully with all provisions of the Repurchase Alternative and Program Documents, the Deposit will be returned to the Seller within thirty days after:
    - In the case of an Insurance Extension, the date on which the Seller delivers the Insurance Certificate to Freedom Mortgage Corporation, and
    - In the case of an Indemnification Option, the date on which Freedom Mortgage Corporation is no longer subject to any risk of loss or liability as to the loan.

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**Online Guide  
Updates**

- Section [565.05\(a\)](#)

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**Questions**

If you have questions, please contact your Freedom Mortgage Correspondent Lending/Renovation Lending Regional Manager or Rural Housing Account Executive.

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