

# Bulletin

---

NUMBER: 2009-13

---

TO: All Freddie Mac Servicers

May 26, 2009

---

## SUBJECTS

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are announcing the following changes to the **Home Affordable Modification Program (HAMP) requirements**:

- Revising the [Borrower solicitation requirements](#) to:
  - Require Servicers to solicit Borrowers, who are 31 days or more delinquent, no later than the 50th day of delinquency
  - Provide additional guidance with respect to the solicitation of Borrowers by phone or via electronic means
  - Permit the exchange of certain loss mitigation information and documents between the Servicer and the Borrower electronically
- Providing additional guidance regarding requests for collection of [Government Monitoring Data](#) using the new form HAMP Hardship Affidavit
- Revising requirements for [reporting and remitting a payoff of a Mortgage with a partial principal forbearance](#)

We are also updating the HAMP eligibility requirements to reflect that Mortgages where the Borrower failed to comply with the terms of a HAMP Trial Period Plan are not eligible for a modification under HAMP.

In addition, we are announcing the following changes to our **Servicing requirements**:

- Revising the weightings associated with the [Default Management criteria of the Servicer Performance Profile](#)
- Introducing [new Electronic Default Reporting \(EDR\) codes](#) and requiring Servicers to report certain details with respect to Mortgages, including current Mortgages, for which they are pursuing an alternative to foreclosure
- Revising the [Loss Mitigation Transmittal Worksheet \(LMTW\)](#) to incorporate new data elements that are specific to HAMP and incorporating the LMTW into the Guide as a new form

We have also updated [Chapter B65, Workout Options](#), to reflect that a HAMP-eligible Borrower must first be considered for a modification under HAMP before being considered for other workout options. If a delinquent Borrower is not eligible for a modification under HAMP, the Servicer must consider the Borrower for a modification or other alternative to foreclosure pursuant to [Chapter B65](#).

Servicers are reminded that they must first evaluate a Borrower who is current or less than 31 days delinquent for eligibility for a Freddie Mac Relief Refinance Mortgage<sup>SM</sup> under [Chapter A24](#) before considering them for a HAMP modification under [Chapter C65](#). Thereafter, the Servicer may consider such Borrowers for other available loss mitigation alternatives if the Servicer determines that the circumstances warrant further consideration.

## Effective dates

All changes are effective immediately except for the following:

- **July 1, 2009**
  - The revised weightings associated with the Default Management criteria of the Servicer Performance Profile are effective on this date
  - For Mortgages that are or become 31 days or more delinquent on or after this date, Servicers must solicit eligible Borrowers for a modification under HAMP no later than the 50th day of delinquency
- **October 1, 2009** – Servicers *must* begin reporting the new EDR codes beginning on this date; however, Servicers *may* begin reporting these codes as early as June 1, 2009

## Revisions to the Guide

The revisions included in this Bulletin impact the following:

- [Chapters 64, 65, B65](#) and [C65](#)
- [Exhibit 82](#)
- Form 1128

## HOME AFFORDABLE MODIFICATION PROGRAM REQUIREMENTS

### Revision to solicitation requirements

In order to provide additional guidance around the HAMP solicitation time frame and process, we are revising [Guide Section C65.5](#) to state the time frame in which Servicers should solicit Borrowers for HAMP and the methods that may be used for solicitation.

For Mortgages that are or become 31 days or more delinquent on or after **July 1, 2009**, we are requiring Servicers to solicit these Borrowers for a modification under HAMP no later than the 50th day of delinquency, provided the eligibility criteria specified in [Guide Chapter C65](#) are met.

[Section C65.5](#) has also been revised to provide the requirements for soliciting a Borrower by phone or electronically (e.g., e-mail or fax) and to permit the exchange of certain loss mitigation information between the Servicer and the Borrower electronically.

## **Government Monitoring Data/new form Hardship Affidavit**

In [Bulletin 2009-10 \(Home Affordable Modification Program\)](#), we announced that we had revised the HAMP Hardship Affidavit (Form 1122) to include certain requirements related to the collection of Government Monitoring Data, including race, ethnicity and sex. This Bulletin provides Servicers with additional guidance regarding these requirements.

For modifications closed on or after **April 21, 2009**, the Servicer must use the new Hardship Affidavit form that requires Servicers to request the Government Monitoring Data.

For modifications in process where the earlier version of the Hardship Affidavit form was used (i.e., the version that does not include the Information for Government Monitoring Purposes section), the Servicer must contact the Borrower and any co-Borrower (hereinafter referred to as "Borrower") to request the monitoring data. The Servicer may:

- Mail a blank new Hardship Affidavit form (containing the Information for Government Monitoring Purposes section) to the Borrower and request that the Borrower read and complete the monitoring data section only and mail the Affidavit back to the Servicer. To avoid confusion, we encourage the Servicer to strike through all sections of the Hardship Affidavit (including the signature lines) except for the Information for Government Monitoring Purposes section.
- E-mail to the Borrower, pursuant to the new requirements in [Section C65.5](#), which govern solicitation of Borrowers and collection of loss mitigation information and documents electronically, either (i) an electronic version of the new Hardship Affidavit (containing the Information for Government Monitoring Purposes section) or (ii) a single page with the exact text of the Information For Government Monitoring Purposes section, which is on page two of the new form Hardship Affidavit. If you provide the entire new Hardship Affidavit, request the Borrower to only complete the Information for Government Monitoring Purposes section. This one-page document is considered a "loss mitigation document" for purposes of [Section 50.3.1](#) and [Section C65.5](#).
- Contact the Borrower by phone and read the exact text of the Information for Government Monitoring Purposes section on page two of the new form Hardship Affidavit to request and record responses from the Borrower

As a reminder, while Servicers must request that a Borrower completing a Hardship Affidavit furnish the Government Monitoring Data, Servicers may not require that the Borrower furnish such data. If the Borrower declines to furnish the monitoring data, either the Borrower or the Servicer should check the box indicating that the Borrower does not wish to furnish the information.

The Servicer must retain appropriate documentation in the Mortgage file. We will provide additional information in a future Bulletin about how to report the Government Monitoring Data.

[Sections C65.8](#) and [C65.13\(b\)](#) have been revised to reflect these requirements.

As a reminder, the revised Hardship Affidavit form is available with the other HAMP documents on our secure web site at [http://www.freddiemac.com/singlefamily/service/mha\\_modification.html](http://www.freddiemac.com/singlefamily/service/mha_modification.html). We will provide additional information regarding the Hardship Affidavit in a future Questions and Answer document that will also be available on our secure web site.

## **Reporting and remitting requirements for Mortgages with a partial principal forbearance**

We are updating our loan-level reporting requirements for Mortgages with a partial principal forbearance to clarify how the payoff of the interest-bearing and deferred unpaid principal balance must be reported.

We have also revised the spreadsheet that must be submitted to report monthly loan-level activity to include two additional data elements.

[Section C65.10](#) has been revised to reflect this change. The revised template of the required spreadsheet is available on our secure web site at [http://www.freddiemac.com/singlefamily/service/mha\\_modification.html](http://www.freddiemac.com/singlefamily/service/mha_modification.html).

## SERVICING REQUIREMENTS

### Servicer Performance Profile

From time to time, Freddie Mac reviews the Servicer Performance Profile to ensure it remains relevant and continues to reflect Freddie Mac's expectations with respect to the servicing of Mortgages. The unprecedented market conditions and crucial new role for Servicers in helping at-risk and delinquent Borrowers through the Making Home Affordable Program have caused us to re-examine the Servicer Performance Profile and make changes that reflect the extraordinary challenges facing the mortgage servicing industry.

Effective **July 1, 2009**, we are revising the weighting associated with the default management metrics of the Servicer Performance Profile. The changes are intended to reflect the increased focus on loss mitigation activities, inventory management, and data integrity performance and less on collections performance.

The default management criteria and their associated old and new weights are as follows:

Criteria	Old Weight	New Weight (effective July 1, 2009)
Collections Management		
Early Collections	10%	5%
Late Collections	10%	0%
Loss Mitigation		
Workout to REO ratio	35%	50%
Foreclosure Timeline Management		
Actual Foreclosure Timelines Including Delays	25%	15%
Inventory Past Standard	10%	15%
Data Integrity		
Initial EDR Edits	2.5%	5%
Sixth Business Day EDR Edits	1.5%	4%
Accuracy of DDLPI Reporting	1%	1%
Avg Number of Days to Report Foreclosure Sales	5%	5%

We are also reminding Servicers that Freddie Mac reserves the right to amend the performance standards and the content of the Servicer Performance Profile, at any time.

### New Electronic Default Reporting requirements

With this Bulletin, we are introducing a number of new EDR codes. Some of the new codes are specific to HAMP, while others apply to all Mortgages for which the Servicer is pursuing an alternative to foreclosure, including current Mortgages. Additional details regarding the new EDR codes and the revised file format will be available in an updated version of the *EDR Quick Reference Guide* to be posted on the Learning Center (available on FreddieMac.com) prior to **May 31, 2009**.

#### *Reporting HAMP data via EDR*

We are enhancing our EDR system to allow us to collect data on loans in various stages of consideration for HAMP. With this enhancement to EDR, Servicers will be reporting HAMP data to us on a loan-level basis by using these newly created codes.

The new codes include the following:

- A new “HMP” default reason code to identify loans that are in a Trial Period. This new code must be reported in conjunction with default action code “09 – Forbearance,” until the Mortgage is modified, or the Borrower fails to comply with the terms of the Trial Period Plan, or the Borrower is re-underwritten based on verified income and is no longer eligible for a modification. (Refer to [Section C65.7\(b\)](#) for additional information.)
- Four new default action codes. These new codes are event codes and the Servicer must report the date the event occurred. (Refer to [Section C65.11](#) for instructions on the use of these codes.)
  - H6 – Eligible for HAMP
  - H7 – HAMP in Review
  - H8 – HAMP Modification Agreement Sent
  - H9 – HAMP Modification Agreement Received

Servicers will be required to report this data to us via EDR beginning **October 1, 2009**; however, Servicers may report HAMP data via EDR beginning **June 1, 2009** for May activity.

[Sections C65.7](#) and [C65.11](#) have been revised to reflect these changes.

*Reporting more detail on Mortgages that may be candidates for an alternative to foreclosure*

Also effective **October 1, 2009**, Servicers will be required to report to us more detail with respect to workout status for all Mortgages, including current Mortgages, for which they are pursuing an alternative to foreclosure. Servicers may report these new codes beginning **June 1, 2009**. To make this detailed reporting possible, we have created the following nine new default action codes:

- HA – Workout in Review
- HB – Short Sale in Review
- 11 – Repayment Plan in Review
- HD – Modification in Review (other than a modification under HAMP)
- H3 – BPO Ordered
- H4 – Solicitation Letter Sent
- H5 – Positive Solicitation Response
- HC – Short Sale Denied
- HE – Ineligible for Modification

These new codes are event codes and the Servicer must report the date the event occurred. With respect to Default Action Code “HA – Workout in Review,” Servicers must report this code and the date that the Servicer begins discussions with the Borrower for a workout, but has not yet identified the type of workout. Once the Servicer has identified the type of workout for which the Borrower is being considered, the Servicer must report the code associated with that specific workout.

[Exhibit 82, Electronic Default Reporting Transmission Code List](#), has been updated to include the new default action codes as well as the new reason for default code.

*Updates to Exhibit 82, Electronic Default Reporting Transmission Code List*

We also updated [Exhibit 82](#) to add the default action codes that were previously identified and described in [Section 64.10](#) and to identify whether the default action code is an event that must be reported to us on a one-time basis (“Event Codes”) or a status that must be reported each month until the status no longer applies (“Status Codes”).

[Section 64.10](#) was also updated to reflect this change.

## **Loss Mitigation Transmittal Worksheet**

Servicers must send us the LMTW upon completion of all modifications of Mortgages under HAMP and all modifications pursuant to [Chapter B65](#). While the LMTW is included as part of the Borrower Qualification Worksheet for HAMP modifications, it has not been readily available for use by Servicers completing modifications outside the Borrower Qualification Worksheet.

Therefore, we have made the LMTW a Guide form – Form 1128, *Loss Mitigation Transmittal Worksheet* – and have revised it to include some of the new data elements that are specific to HAMP. Form 1128 has been posted as an interactive Microsoft Excel spreadsheet, which will simplify completion of the form with built-in calculations. Servicers must ensure that all applicable data elements on the LMTW are completed prior to submitting the form to Freddie Mac for a completed modification.

[Sections 65.42](#), [B65.18](#), [B65.25](#) and [C65.7](#) have been updated to reflect this change.

## **Subordination of Secondary Financing**

Freddie Mac and Fannie Mae, working with representatives of the American Land Title Association, have developed standard form subordination agreements for Servicers and lenders to use with modifications and refinances to resubordinate junior liens. We expect to post these forms on the Freddie Mac Uniform Instrument web site on or before **June 1, 2009**.

## **CONCLUSION**

Freddie Mac remains focused on assisting troubled Borrowers with Freddie Mac-owned Mortgages avoid preventable foreclosure. The changes announced in this Bulletin are part of our ongoing efforts to promote sustainable homeownership and stabilize communities and neighborhoods across the nation.

If after reviewing this Bulletin you have any questions about the Home Affordable Modification Program or Freddie Mac's role in the program, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,



Patricia J. McClung  
Vice President  
Offerings Management