



For Immediate Release

March 04, 2009

Contact: corp@freddiemac.com

or (703) 903-3933

FREDDIE MAC ANNOUNCES TWO INITIATIVES SUPPORTING PRESIDENT OBAMA'S *MAKING HOME AFFORDABLE* PLAN

McLean, VA – Freddie Mac (NYSE: FRE) today announced two new mortgage initiatives under President Obama's *Making Home Affordable* plan designed to help families with Freddie Mac-owned mortgages who are delinquent, at-risk of default, or struggling to refinance because of declining property values.

The new initiatives include Freddie Mac's Relief RefinanceSM Mortgage and the implementation of the Obama Administration's new Home Affordable Modification program.

"We are proud to support President Obama's bold initiative to restore stability and affordability to the housing market," said Freddie Mac Chairman of the Board, John Koskinen. "Today's announcement will give Freddie Mac seller/servicers the tools to refinance borrowers into loans with more affordable terms and provide at-risk borrowers with a potent new loan modification alternative."

Refinance Relief for More Borrowers

The new Freddie Mac Relief Refinance Mortgage is designed to assist borrowers who are current on their mortgage payments but who would benefit from refinancing into mortgages with terms that better position them for long-term homeownership. To qualify, borrowers must have mortgages that are owned or guaranteed by Freddie Mac.

Eligible borrowers can use Relief Refinance Mortgages to improve their position for long term homeownership success by reducing their current mortgage interest rate or shortening the amortization term. Similarly, the Relief Refinance Mortgage can be used to replace an adjustable rate mortgage, an Initial Interest[®] Mortgage or balloon/reset mortgage with a 15-, 20- or 30-year fixed-rate mortgage.

The loan-to-value ratio on Relief Refinance Mortgages can be as high as 105 percent of the property's value. There is no maximum TLTV/HTLTV ratio, however Relief Refinance Mortgages cannot be used to payoff or reduce subordinate liens. What's more, existing liens must continue to be subordinate to the Relief Refinance Mortgages.

To reduce borrower costs and simplify the refinance process Freddie Mac is encouraging lenders to use Home Value Explorer[®] (HVE) when applicable, Freddie Mac's sophisticated automated valuation model. In addition, lenders using HVE will not be required to provide the standard representations and warranties on the property's value, condition and marketability.

Lenders will not have to re-underwrite a borrower if the Relief Refinance Mortgage raises their monthly principal and interest payment by 20 percent or less. But, in cases where the change in monthly principal and interest payment is more than 20 percent, borrowers will be underwritten through a simplified process to increase their success with the new mortgage.

Mortgage insurance (MI) is not required if the existing mortgage does not require MI. Otherwise, MI

coverage on the new loan must be the same as on the original mortgage.

Freddie Mac Relief Refinance Mortgages are only available for a limited time. Seller/Servicers must deliver Relief Refinance Mortgages under contracts taken out on or after April 1, 2009 through the company's on-line selling system. In addition, Relief Refinance Mortgages must be originated by June 10, 2010.

National Modification Effort Launched

Freddie Mac also announced support for the new national Home Affordable Modification program which begins on April 1, 2009 and is designed to help more at-risk borrowers achieve successful homeownership by lowering their monthly payments. To qualify, borrowers must have a Freddie Mac-owned or guaranteed mortgage originated on or before January 1, 2009.

To demonstrate its commitment to the Administration's new initiative, Freddie Mac has directed its servicers to ensure that every possible effort is made to achieve a successful workout for delinquent borrowers through the new Home Affordable Modification program or Freddie Mac's other workout options before initiating a foreclosure.

The new Home Affordable Modification program is expected to further reduce payments to more affordable levels, and in some cases assist eligible homeowners before they fall behind on their mortgage payments.

Last year, Freddie Mac approved more than 87,000 workouts on its seriously delinquent loans and launched the Streamlined Modification Program in November 2008 with Fannie Mae, the Federal Housing Finance Agency, and the HOPE Now Alliance.

Next Steps For Borrowers

Borrowers interested in learning more about the Freddie Mac Relief Refinance Mortgage or the Home Affordable Modification program should contact their mortgage servicer. Borrowers should also contact their servicer to find out if Freddie Mac owns or guarantees their mortgage.

Freddie Mac also said that depending on the level of borrower response to the Relief Refinance Mortgage program and the new modification initiative and the number of borrowers who qualify for such refinancings and modifications, the impact of resulting prepayments on certain Freddie Mac Mortgage Participation Certificates, or PCs, could be material.

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Over the years, Freddie Mac has made home possible for one in six homebuyers and more than five million renters.

###

© 2009 Freddie Mac

[Print This Page](#)

© 2009 Freddie Mac

[Contact Us](#) | [Sitemap](#) | [Terms and Conditions](#) | [Privacy Policy](#)