

Receiving the Borrower Response Package and Communicating the Evaluation Decision



Borrowers should return a complete Borrower Response Package to you by the date specified in the cover letter, which must be no later than 30 days from the date you sent the Borrower Solicitation Package, or the following business day if the 30th day is a non-business day. However, a borrower may return a complete Borrower Response Package at any time during the delinquency up to seven days prior to the foreclosure sale. Within five days of making an evaluation decision, and no later than 30 days following the receipt of a complete Borrower Response Package, you must communicate your response to the borrower.

This quick reference:

- Introduces the [Borrower Response Package](#).
- Explains the actions we require you to take [when you receive a Borrower Response Package](#).
- Outlines [how to handle incomplete Borrower Response Packages](#).
- Provides guidance on how to [notify Freddie Mac that you have received a complete Borrower Response Package](#).
- Introduces the [Borrower Evaluation Notices](#) and explains how to communicate your decision to the borrower.

Refer to *Single-Family Seller/Servicer Guide* (Guide) Chapter 9102 for additional information about the Borrower Response Package and communicating your evaluation decision. Additionally, refer to Guide Chapter 9101 for delinquency management requirements that are specific to mortgages secured by primary residences. If you have any questions, contact Customer Support at 800-FREDDIE.

Borrower Response Package

A complete Borrower Response Package includes the following:

- Guide Form 710, *Mortgage Assistance Application*, completed and signed by the borrower, and co-borrower if applicable
 - Income documentation in accordance with Guide Section 9202.3
 - Hardship documentation in accordance with Guide Section 9202.2
 - A completed and signed IRS Form 4506T-EZ or IRS Form 4506-T, as applicable, must be obtained **and** submitted to the IRS to obtain a copy of the borrower's tax transcript if any of the following circumstances exist:
 - To reconcile inconsistencies between other information the borrower provided (e.g., information the borrower provided in Form 710, and the income documentation); or
 - When the borrower is self-employed or is a fiscal year tax filer but the borrower has not provided any of the required documentation specified in Guide Section 9202.3(b) to support his or her income type.
- *Note: You must obtain IRS Form 4506-T in lieu of IRS Form 4506T-EZ if the borrower (i) is self-employed, and/or (ii) files federal income tax returns based on a fiscal calendar year (i.e., a tax year beginning in one calendar year and ending in the following year).
- As otherwise requested by Freddie Mac

Note: When documenting rental income, borrowers must submit a completed tax return and Schedule E as a tax transcript does not separately itemize rental income.

The First Complete Borrower Response Package is the first complete Borrower Response Package received in connection with a mortgage secured by a primary residence for any period of continuous delinquency.

Acknowledging Receipt of the Borrower Response Package

Within five business days of its receipt, you must notify the borrower in writing, that you have received the Borrower Response Package, and indicate whether it is complete or incomplete.

You must include the following information in your written notification to the borrower:

- Outline your evaluation process and timeline.
- Provide an explanation of the foreclosure process, including that:
 - Referral to foreclosure will not occur if you are reviewing a complete Borrower Response Package.
 - Referral to foreclosure will not occur if you extend an offer for an alternative to foreclosure and the borrower's deadline to respond has not expired.
 - Following referral to foreclosure, the foreclosure process may continue during the evaluation.
- For borrowers who submit a complete Borrower Response Package 37 days or less prior to a scheduled foreclosure sale, explain your plans for evaluating the borrower for an alternative to foreclosure and suspending the foreclosure sale, if appropriate.
- Provide a description of those situations where a court with jurisdiction over the foreclosure proceeding, if any, or public official charged with carrying out the activity could fail or refuse to halt a scheduled foreclosure sale, if applicable.
- Any other disclosure as required under applicable law.

You must document the date you received the Borrower Response Package in your records.

If You Receive an Incomplete Borrower Response Package

At the same time or prior to the time you acknowledge receipt of the Borrower Response Package, you must also notify the borrower when you receive an incomplete Borrower Response Package. You must determine if the Borrower Response Package is incomplete and notify the borrower within five business days of receipt.

You must include the following in your incomplete information notice to the borrower:

- A list of documents or information needed to evaluate the borrower for an alternative to foreclosure
- A reference to the HUD website for HUD-approved counselors at <http://www.hud.gov/offices/hsg/sfh/hcc/fc/> as a resource available to help the borrower complete the package
- A reminder that if the borrower does not submit all required documentation or information, you may determine the borrower to be ineligible for an alternative to foreclosure and foreclosure proceedings will continue, including referral to foreclosure if the mortgage was not previously referred
- A statement indicating that, depending on when the necessary information or documentation is received, there is no guarantee that you may be able to evaluate the borrower for alternatives to foreclosure and halt foreclosure proceedings
- A toll-free telephone number the borrower may contact for questions on the necessary documentation

Within five business days of receiving the completed Borrower Response Package from the borrower, you are required to notify the borrower that you have received the completed Borrower Response Package.

You may, but are not required to, send an incomplete information notification to a borrower who submits an incomplete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale. However, we strongly encourage you to work with the borrower in these instances to complete the Borrower Response Package and expedite a decision.

How to Notify Freddie Mac that You Have Received a Complete Borrower Response Package

You must notify Freddie Mac when you have received a **complete** Borrower Response Package, by reporting default action code H5 (Complete Borrower Response Package Received). Report the default action code and the date one time, within the first three business days of the month following the month in which you received the complete Borrower Response Package.

Borrower Evaluation Notice

After you receive a complete Borrower Response Package, you must evaluate the borrower for all alternatives to foreclosure in accordance with the evaluation hierarchy in Guide Section 9201.2.

You must send the borrower the appropriate Borrower Evaluation Notice within five days of making an evaluation decision, and no later than 30 days following the receipt of a complete Borrower Response Package.

The Borrower Evaluation Notice communicates an offer for an alternative to foreclosure or non-approval through one of the following responses to the borrower:

- Non-Approval, Capacity to Pay Your Mortgage Letter (Borrower has the capacity to repay the mortgage.)
- Offer Reinstatement
- Offer a Repayment Plan (with or without a Partial Reinstatement Offer)
Note: You may combine the relevant contents of the Borrower Evaluation Notice for a reinstatement offer with the contents of the notice for a repayment plan offer when you offer a borrower a partial reinstatement coupled with a repayment plan in accordance with the requirements of Guide Chapter 9203.
- Offer a Forbearance Plan
- Offer a Modification as set forth in Guide Chapter 9204 (i.e., Freddie Mac Workout Options)
- Offer a short sale as set forth in Guide Chapter 9204 (i.e., Freddie Mac Workout Options)
Include a toll-free number and contact name or the name of your designated escalated case response unit.
- Offer a deed-in-lieu of foreclosure as set forth in Guide Chapter 9204. Include a toll-free number and contact name or the name of your designated escalated case response unit.
- Non-Approval – Not Eligible for Alternative to Foreclosure (Borrower does not qualify for any alternative to foreclosure.)
- Non-Approval, Proceed to Foreclosure

Additionally, for Borrower Evaluation Notices that are offers for alternatives to foreclosure, you must specify the date by which the borrower must accept the offer, which must be 14 days from the date of the Borrower Evaluation Notice for most alternatives to foreclosure except a short sale or deed-in-lieu of foreclosure. If legal acceptance of the offer is through a payment (e.g., forbearance plan with reduced payment or a Trial Period Plan), then the 14-day deadline is the date by which the borrower must indicate an intent to accept the offer in order for foreclosure to be suspended through the end of the month in which the first payment indicating legal acceptance is due.

Guide Exhibit 93, *Evaluation Model Clauses*, provides model letters for each of the responses. Use of the letters is optional, and you may alter them at your discretion to meet the requirements outlined in Guide Chapters 9203, 9204 and 9205. Further, you must alter them, as necessary, to comply with applicable federal, state, or local law.

Refer to Guide Chapter 9101 for additional requirements related to borrower communication with respect to the receipt of the First Complete Borrower Response Package on a mortgage secured by a primary residence.

Where to Obtain the Borrower Evaluation Notice

You can access all of the evaluation model clauses for the Borrower Evaluation Notice in Guide Exhibit 93, *Evaluation Model Clauses* and at the following location on FreddieMac.com:

http://www.freddiemac.com/singlefamily/service/solicitation_docs.html

Evaluating a Borrower When the Foreclosure Sale is Already Scheduled

The following table outlines what actions you must take when you receive a complete Borrower Response Package and the foreclosure sale is already scheduled. For additional information, refer to Guide Sections 9102.5 and 9301.28.

For information on how to proceed when you received the First Complete Borrower Response Package and the foreclosure sale of a primary residence is already scheduled, refer to Guide Section 9101.4.

If you receive a complete Borrower Response Package	Then
Greater than 37 days prior to the scheduled foreclosure sale	Unless you are reviewing a First Complete Borrower Response Package, you are not required to suspend foreclosure proceedings to review the complete Borrower Response Package and notify the borrower of the decision.
Between 37 to 15 days prior to the scheduled foreclosure sale date	<p>Expedite your review and make a determination at least seven days before the scheduled foreclosure sale date.</p> <p>This ensures you are able to complete a foreclosure certification to the attorney at least seven days prior to the scheduled foreclosure sale date, if appropriate, or offer the borrower an alternative to foreclosure.</p>
Less than 15 days prior to the scheduled foreclosure sale date	Determine if you can complete an expedited review of the Borrower Response Package and make a decision by the foreclosure certification date (seven days prior to the scheduled foreclosure sale date). If you are able to do this, complete the review.

This document is not a replacement or substitute for the information found in the Freddie Mac *Single-Family Seller/Service Guide* and/or terms of your Master Agreement and/or other Pricing Identifier Terms.
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