

Charge-off Settlement Checklist



A charge-off ceases collection efforts on a mortgage when all appropriate measures have been exhausted to collect on the delinquent mortgage and you have deemed the debt to be uncollectible or that a foreclosure should not be completed. A charge-off does not cancel the Note, nor does it release the lien on the property.

When we charge-off a mortgage, we will retain our lien on the property unless we instruct you otherwise. There may be circumstances when it would be in our best interest to release the lien. In such cases, we may agree to charge-off the debt and release our lien.

Refer to the following checklist when submitting a charge-off for settlement. If you have any questions, contact Customer Support at 800-FREDDIE.

For additional information about charge-offs, refer to *Single-Family Seller/Servicer Guide* (Guide) Chapter 9210.

<input checked="" type="checkbox"/> Take the following actions to submit a charge-off for settlement:	
<input type="checkbox"/>	<p>After completing the reporting and remittance requirements outlined in Guide Section 9210.5, complete the Charge-off Settlement screen in Workout Prospector® and transmit the charge-off for settlement via Workout Prospector.</p> <p>Refer to the Workout Prospector® Users' Guide for additional information about the Charge-off Settlement screen.</p>
<input type="checkbox"/>	<p>Unless otherwise instructed by Freddie Mac, prepare and submit all of the following documentation within seven business days of receiving Freddie Mac's approval letter to the Freddie Mac-approved vendor upon request:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The original Note. <input type="checkbox"/> The original security instrument. <input type="checkbox"/> The recorded assignment of the security instrument from you to The Federal Home Loan Mortgage Corporation (not "Freddie Mac"). <input type="checkbox"/> A copy of the original loan application. <input type="checkbox"/> A payment history from the due date of the last paid installment (DDLPI) if the unpaid principal balance (UPB) is less than \$5,000 for conventional mortgages, and less than \$2,000 for mortgages insured by the FHA or guaranteed by the VA or RHS.
<input checked="" type="checkbox"/> Additional Activities:	
<input type="checkbox"/>	<p>Report the charge-off to Freddie Mac as a payoff – prepaid transaction through the Freddie Mac Service Loans application within two business days of receiving our approval letter.</p> <p>Ensure that the</p> <ul style="list-style-type: none"> ▪ Ending Gross UPB is zero. ▪ Principal Due field is completed with the gross unpaid ending balance of the mortgage. ▪ Payoff Date is the date you received the approval letter from Freddie Mac. ▪ DDLPI reflects the due date of the last fully paid installment.

<input checked="" type="checkbox"/> Additional Activities:				
<input type="checkbox"/>	<p>Unless otherwise instructed by Freddie Mac, within seven business days of receiving Freddie Mac’s approval letter, you must notify the borrower in writing that the servicing of the mortgage has been transferred to Freddie Mac. The written notice must be sent at least 15 days before the effective date of the transfer of servicing and include the following:</p> <ul style="list-style-type: none"> ▪ Freddie Mac’s nine-digit loan number. ▪ Freddie Mac’s telephone number. ▪ Instructions to the borrower that he or she remains financially obligated to the Note and security instrument. ▪ Instructions that the borrower is responsible for paying real estate taxes and insurance premiums. <p>Note: You must notify the local taxing authority in writing to send tax bills directly to the borrower.</p>			
<input type="checkbox"/>	<p>If the lien is released, you must file IRS Form 1099-C, <i>Cancellation of Debt</i>. In addition to filing this form electronically with the IRS, you must also send a paper copy to the borrower. Ensure that you retain a copy in the mortgage file. For additional information, refer to Guide Section 8106.4.</p>			
<input type="checkbox"/>	<p>After completing the reporting requirements outlined in Guide Section 9210.5(b), but no later than three business days of receiving Freddie Mac’s approval letter, send any hazard insurance claims proceeds or litigation settlement proceeds via wire transfer or check to Freddie Mac regardless of whether the lien is or is not released. Include the Freddie Mac loan number and state that the funds are for charge-off recovery.</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top; width: 33%;"> <p>Regular or First Class Mail: Freddie Mac P.O. Box 730453 Dallas, TX 75373-0453 Attn: Charge-off Recovery</p> </td> <td style="vertical-align: top; width: 33%;"> <p>Overnight Mail: JP Morgan Chase Dallas National Wholesale LB TX 1-0029 14800 Frye Road Fort Worth, TX 76155 Attn: HomeSteps #730453</p> </td> <td style="vertical-align: top; width: 33%;"> <p>Wire Transfer: JPMorgan Chase Bank, NA Location: McLean, Virginia Routing #: 021000021 Account #: 9102418887</p> </td> </tr> </table>	<p>Regular or First Class Mail: Freddie Mac P.O. Box 730453 Dallas, TX 75373-0453 Attn: Charge-off Recovery</p>	<p>Overnight Mail: JP Morgan Chase Dallas National Wholesale LB TX 1-0029 14800 Frye Road Fort Worth, TX 76155 Attn: HomeSteps #730453</p>	<p>Wire Transfer: JPMorgan Chase Bank, NA Location: McLean, Virginia Routing #: 021000021 Account #: 9102418887</p>
<p>Regular or First Class Mail: Freddie Mac P.O. Box 730453 Dallas, TX 75373-0453 Attn: Charge-off Recovery</p>	<p>Overnight Mail: JP Morgan Chase Dallas National Wholesale LB TX 1-0029 14800 Frye Road Fort Worth, TX 76155 Attn: HomeSteps #730453</p>	<p>Wire Transfer: JPMorgan Chase Bank, NA Location: McLean, Virginia Routing #: 021000021 Account #: 9102418887</p>		
<input type="checkbox"/>	<p>Review the <i>Detail Adjustment Report (DAR)</i> and notify us of any discrepancies between your records and the amount on the report by submitting Form 1205, <i>Post-Settlement Correction Request</i>, to Post_settlement_correction@FreddieMac.com within 30 calendar days following the posting of the amount to the DAR.</p>			

This document is not a replacement or substitute for the information found in the *Single-Family Seller/Servicer Guide*, and /or terms of your Master Agreement and/or Master Commitment. ©2016 Freddie Mac