

This reference guide highlights Freddie Mac's requirements for managing delinquent mortgages secured by a borrower's primary residence.

Specifically, this reference guide includes information on the following:

- What a [primary residence](#) is, and what criteria you should consider when determining whether the property is a primary residence
- Definition of [First Complete Borrower Response Package](#)
- [Minimum collection efforts](#) for mortgages secured by a primary residence
- [Appeal rights for primary residences](#) in response to the First Complete Borrower Response Package
- [Foreclosure referral](#) for mortgages secured by primary residences
- [Foreclosure suspension](#) requirements you must adhere to when you received the First Complete Borrower Response Package
- A [time line highlighting the key milestones](#) you must be aware of when managing delinquencies for primary residences

For additional information, refer to *Single-Family Seller/Service Guide* (Guide) Chapter 9101 or contact Customer Support (800-FREDDIE).

What is a Primary Residence?

A primary residence is the residential property physically occupied by the owner as the principal home domicile. Among the criteria you should consider when evaluating whether a property is a principal home domicile are the following:

- It is occupied by the owner for the major portion (51 percent or more) of the year.
- It is in a location relatively convenient to the owner's principal place of employment.
- It is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing and similar functions.
- It possesses the physical characteristics to accommodate the owner's immediate dependent family. These characteristics are those traditional to both the owner and the neighborhood.
- The borrower states an intention to occupy the property as a primary residence.

Freddie Mac may, in its discretion, determine that a property is not a primary residence. In addition, a second home, investment property, or abandoned property are not primary residences. However, a vacant property may still serve as a primary residence for personnel serving overseas (e.g., U.S. diplomatic corps, servicemembers, temporary contractors) or working in another state (e.g., contractors or corporate personnel on assignment).

What is the First Complete Borrower Response Package?

The First Complete Borrower Response Package is the first complete Borrower Response Package received in connection with a mortgage secured by a primary residence on or after January 10, 2014.

As a reminder, a complete Borrower Response Package includes the following:

- Form 710, *Uniform Borrower Assistance Form*, 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 4506-T (You must obtain IRS Form 4506-T in lieu of Form 4506T-EZ if the borrower is self-employed, and/or 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) and/or receives rental income.

Minimum Collection Efforts for Mortgages Secured by Primary Residences

The following table outlines the activities you must perform to contact borrowers who have become delinquent in their mortgage payments for their primary residence. Always make certain that you comply with all applicable federal, state, and local laws, such as the Real Estate Settlement and Procedures Act, the Fair Debt Collection Practices Act and other laws as applicable.

Note: If the day you are required to call a borrower is a non-business day and you are not open on that day to conduct loss mitigation and collection activities, you may call the borrower on the next business day.

| Calendar Days After the Due Date | Required Actions |
|----------------------------------|---|
| 17 | Mail late notices and reminder letters to delinquent borrowers by the 17 th day after the due date or the next business day if the 17 th day after the due date is not a business day. |
| 36 | <p>Initiate contact with each delinquent borrower as early in the delinquency cycle as possible to secure a payment or payment arrangement but no later than the 36th day after the due date of an unpaid monthly installment, unless ACH payment arrangements or other arrangements to cure the delinquency have been made.</p> <p>You may tailor your contact attempts based on the following:</p> <ul style="list-style-type: none"> ▪ The risk characteristics of the mortgage ▪ The borrower's level of delinquency ▪ The borrower's previous payment habits <p>You must continue to contact the borrower at least every fifth day at varying times throughout the day, until the earlier of the 210th day after the due date of an unpaid monthly installment or quality right party contact is achieved and:</p> <ul style="list-style-type: none"> ▪ You determine that the borrower does not want to pursue an alternative to foreclosure or the delinquency is cured, or ▪ You achieve quality right party contact and have obtained from the borrower a promise to pay the delinquent amount by a specific date, not to exceed 30 days, or ▪ You receive a complete Borrower Response Package, or ▪ The borrower enters into a relief or workout option with your organization. |
| 45 | <p>If you have not achieved quality right party contact and a resolution to the delinquency, you must send at least one Borrower Solicitation Package to the delinquent borrower no later than the 45th day after the due date of an unpaid monthly installment.</p> <p>If you have achieved quality right party contact and have obtained from the borrower a resolution to the delinquency, you are not required to send the Borrower Solicitation Package. However, in such instance, you must comply with any early intervention notice requirements under applicable law. If the borrower fails to perform under the conditions of a relief or workout option, you must resume collection efforts, including sending the Borrower Solicitation Package.</p> |

| Calendar Days After the Due Date | Required Actions |
|----------------------------------|--|
| 45 – 60 | <ul style="list-style-type: none"> ▪ Order the initial property inspection no later than the 45th day of delinquency and obtain the completed inspection no later than the 60th day of delinquency unless: <ul style="list-style-type: none"> – You have achieved quality right party contact, or – You have received a full monthly mortgage payment within the last 30 days. <p>If the property is vacant or tenant-occupied, you must continue to obtain property inspections every 30 days as long as the mortgage remains 45 days or more delinquent, even if you have achieved quality right party contact.</p> <ul style="list-style-type: none"> ▪ Contact each known superior lien holder, if applicable. |
| 60 | <p>Mail the breach letter for all mortgages, including first-lien mortgages, modified mortgages, and second mortgages/HILs, no later than the 60th day of delinquency (90 days after the due date of the last paid installment (DDLPI)).</p> <p>If state law requires that you send the breach letter (or any other pre-breach letter) prior to the 60th day of delinquency in order to be able to refer the mortgage to foreclosure as required in Guide Section 9301.6 and 9301.7, you must send the breach letter on such earlier date.</p> |
| 60 – 105 | <p>Send the initial Freddie Mac Streamlined Modification Solicitation Letter and Streamlined Modification Trial Period Plan Notice to borrowers who are eligible for a Streamlined Modification in accordance with Guide Section 9206.3.</p> <p>Send 60-75 days after the due date of an unpaid monthly installment for an eligible borrower with a step-rate mortgage; otherwise, 90-105 days after the due date of an unpaid monthly installment for all other eligible borrowers.</p> |
| 106 and greater | <p>Within 15 days prior to the foreclosure referral, you must review the mortgage file to ensure all of the following:</p> <ul style="list-style-type: none"> ▪ You have made every attempt to achieve quality right party contact in accordance with Guide Section 9102.3. ▪ You have issued the breach letter and it has expired. ▪ You have sent at least one Borrower Solicitation Package or Borrower Solicitation Letter by the 45th day after the due date of an unpaid monthly installment and the response period has expired without an affirmative response from the borrower. ▪ There is no approved payment arrangement or alternative to foreclosure offer pending in which the borrower response period has not expired. <p>This is also referred to as the pre-foreclosure referral review.</p> |

| Calendar Days After the Due Date | Required Actions |
|---|--|
| <p>121 and beyond (May be earlier if the loan is referred to foreclosure prior to the 120th day of delinquency.)</p> | <p>Refer all mortgages secured by primary residences to foreclosure after the expiration of the breach letter, but no earlier than the 121st day of delinquency unless applicable law permits earlier referral or one of the exceptions applies:</p> <ul style="list-style-type: none"> ▪ There is an approved payment arrangement or an alternative to foreclosure. ▪ A complete Borrower Response Package has been received and you are still within the 30-day evaluation period. ▪ You have extended an offer for an alternative to foreclosure and the period for the borrower's response has not yet expired. ▪ The borrower is conditionally approved for mortgage assistance under the Hardest Hits Funds initiative as outlined in Guide Section 9211.1. ▪ The borrower has accepted an offer for an alternative to foreclosure and is performing in accordance with its terms. ▪ The time period for the borrower to exercise a right to appeal a denial of a Trial Period Plan or loan modification (per Guide Section 9101.3) has not expired, you are reviewing the borrower's appeal, or the borrower's time period to respond to your decision on the appeal and any acceptance period for an alternative to foreclosure offered as part of that decision has not expired. |
| <p>211</p> | <p>After the 210th day after the due date of an unpaid monthly installment, you have discretion on the continuation and frequency of contact attempts with a delinquent borrower. However, you must discontinue contact attempts up to 60 days prior to a foreclosure sale date for a judicial foreclosure or 30 days prior to a foreclosure sale for a non-judicial foreclosure.</p> |

Using a Collection and Loss Mitigation Tool

You may use your own methodology or a tool that uses statistical models to predict worsening delinquency and use the results of the tool to tailor your collection efforts ("Collection and Loss Mitigation Tool"), to determine when contact attempts should begin. You must comply with the minimum collection efforts outlined above and in Guide Sections 9102.4 and 9101.2 even if you use a Collection and Loss Mitigation Tool, including initiating contact attempts no later than 36 days after the due date of an unpaid monthly installment. If you use a Collection and Loss Mitigation Tool to manage contact attempts, you must make model specifications and code available to Freddie Mac upon request.

You must conduct periodic reviews to ensure the effectiveness of the Collection and Loss Mitigation Tool, including compliance with applicable laws, including anti-discriminatory laws. Freddie Mac reserves the right to require a Servicer to discontinue the use of a Collection and Loss Mitigation Tool for Freddie Mac mortgages.

Receiving the Borrower Response Package and Notifying the Borrower of Your Evaluation Decision

Within five business days of your receipt of the Borrower Response Package, you must notify the borrower in writing that you have received it. 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.

When you receive the First Complete Borrower Response Package 90 days or more prior to the scheduled foreclosure sale date, or prior to a foreclosure sale date being scheduled, you must ensure that the appropriate Borrower Evaluation Notice is revised to include denial reasons and information about the borrower's right to appeal your decision when the borrower is denied a Trial Period Plan. For additional information, refer to Guide Section 9101.3. 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

Appeal Rights for Primary Residences

Effective January 10, 2014, a borrower may appeal the denial of a HAMP® Trial Period Plan or Freddie Mac Standard Modification Trial Period Plan, one time during the life of the loan, based on the evaluation of the First Complete Borrower Response Package received 90 days or more prior to the scheduled foreclosure sale date or prior to the sale date being set. Borrowers do not have the right to appeal a decision for a mortgage that is not secured by the borrower's primary residence.

| If the First Complete Borrower Response Package is received | Then |
|--|---|
| 90 days or more prior to the scheduled foreclosure sale date | The borrower has appeal rights. |
| 89 days or less prior to the scheduled foreclosure sale date | The borrower does not have appeal rights. |
| If a foreclosure sale date has not been scheduled, the borrower still has appeal rights with respect to the First Complete Borrower Response Package submitted on or after January 10, 2014. | |

When you receive the First Complete Borrower Response Package 90 days or more prior to the scheduled foreclosure sale date or prior to the sale date being set, you must send the borrower the appropriate Borrower Evaluation Notice which informs the borrower of the following:

- The option to accept or reject an offer of an alternative to foreclosure, and the additional option to appeal within 14 days of the Borrower Evaluation Notice
- The right to accept an offer of an alternative to foreclosure and simultaneously appeal a denial of any Trial Period Plan
- The right to accept any offer of an alternative to foreclosure for which he or she is approved as a result of the appeal or to accept or indicate an intent to accept any original offer of an alternative to foreclosure, which will still be available to the borrower up to 14 days after the appeal decision has been sent to the borrower
- All Trial Period Plans for which a review of the a complete Borrower Response Package is required and for which the borrower is not eligible (even if there is an offer for another Trial Period Plan)
- The right to appeal the denial of a Trial Period Plan and what steps the borrower must take, including:
 - The address to which the borrower must send the appeal
 - A statement that your appeal determination is not subject to further appeal
 - A statement that the foreclosure process will be suspended during the appeal process

The Appeal Process

After you communicate your evaluation decision to the borrower, the borrower has 14 days in which he or she may appeal a denial decision for a HAMP Trial Period Plan or Standard Modification Trial Period Plan. The appeal must be in writing and include the borrower's name, property address, and loan number.

The borrower may include additional supporting documentation with the appeal, but is not required to do so.

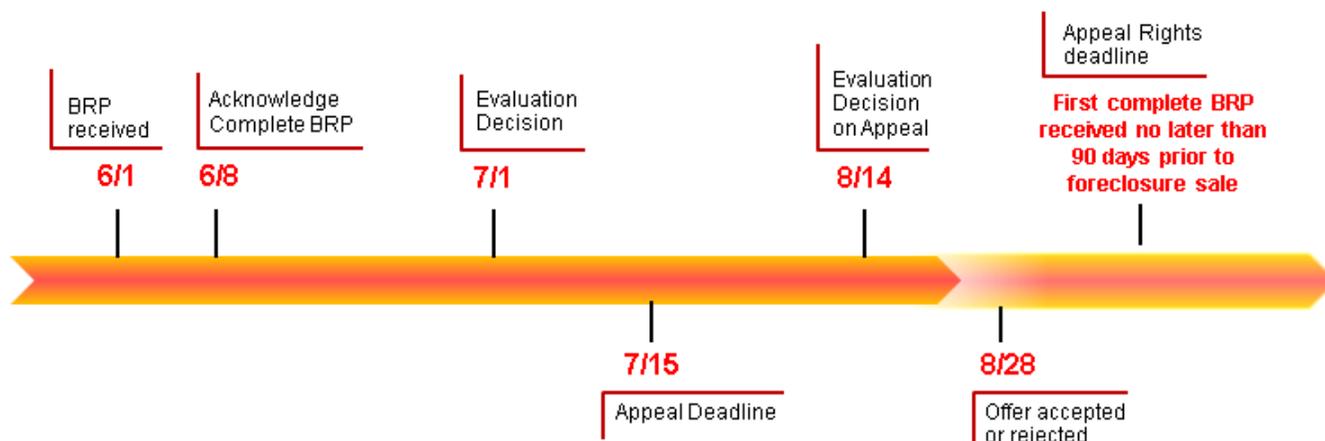
| If the borrower submits additional documentation | Then |
|--|---|
| Within the 14-day time period | You must evaluate the documentation during the appeal review. If the additional documentation causes the borrower to no longer be eligible for the original offer, you are authorized to withdraw that offer. |
| After the 14-day time period | The additional documentation is not subject to the appeal process. However, you may, at your discretion, provide a decision based on the new information if it is feasible to do so. |

When you receive the borrower’s appeal request, you must ensure that someone other than the person who was responsible for the initial evaluation decision, reviews the appeal.

You must provide the borrower with an appeal decision notice within 30 days of the appeal request.

| If, after the appeal review | Then |
|--|--|
| There was no error with the initial decision and the original offer stands | <ul style="list-style-type: none"> Confirm the offer if the borrower remains eligible. Notify the borrower that he or she has 14 days to accept or reject the original offer. |
| There was an error with the initial decision | <ul style="list-style-type: none"> Offer the following to the borrower: <ul style="list-style-type: none"> The original alternative to foreclosure (if the borrower is still eligible), and The new alternative to foreclosure (i.e., HAMP Trial Period Plan or Standard Modification Trial Period Plan) Notify the borrower that he or she has 14 days to accept or reject the either the original or new offer. |

The following example highlights the key dates associated with the appeal process.



Reporting via EDR

You must also notify us via EDR that the borrower has exercised his or her one-time right to appeal a loan modification denial. To do this, report default action code 38 (Appeal of Loan Modification) one time, in the month following the month in which the borrower appealed the loan modification.

Foreclosure Referral for Mortgages Secured by Primary Residences

Mortgages secured by primary residences must be referred to foreclosure no earlier than the 121st day of delinquency (151 days from the DDLPI) or earlier if applicable by law or if one of the exceptions outlined in Guide Section 9301.6 permit earlier foreclosure referral.

Foreclosure Suspension When You Receive the First Complete Borrower Response Package

General Requirements

When you receive the First Complete Borrower Response Package more than 37 days prior to the scheduled foreclosure sale date, you must delay or ensure that foreclosure counsel delays taking the first legal action as defined in Guide Section 9301.16, the motion for judgment or order of sale, or if the motion has been filed, request the court to delay a hearing or ruling, unless one of the following occurs:

- You received the First Complete Borrower Response Package 90 or more days prior to the scheduled foreclosure sale or received it prior to the foreclosure sale date being scheduled, and all of the following occurred:
 - You reviewed the First Complete Borrower Response Package, and
 - You notified the borrower of your evaluation decision, and
 - The borrower has not requested an appeal within 14 days of your evaluation decision, or you denied the borrower’s appeal and the timeframe to indicate intent to accept or reject the initial offer has expired.
- You reviewed the First Complete Borrower Response Package received less than 90 days prior to the scheduled foreclosure sale date and notified the borrower of a denial decision. In this instance, because the First Complete Borrower Response Package was received less than 90 days prior to the scheduled foreclosure sale date, your evaluation decision is not subject to appeal by the borrower.
- The borrower has rejected an alternative to foreclosure you offered and has not appealed your denial of a Trial Period Plan.
- The borrower fails to perform under the terms of an alternative to foreclosure, such as missing a trial period payment, and has not appealed your denial of a Trial Period Plan.

If you offer a borrower an alternative to foreclosure, you must continue to delay filing the motion for judgment or request the court to delay the hearing or ruling, if applicable, for up to 14 days from the date you sent the offer to give the borrower an opportunity to respond.

| If within 14 days, the borrower | Then |
|---|---|
| Notifies you that he or she intends to accept the offer via one of the following (solely for the purpose of suspending foreclosure actions): <ul style="list-style-type: none"> ▪ Verbal notification ▪ Written notification ▪ Remittance of a payment due under an alternative to foreclosure (i.e., reinstatement, forbearance, repayment plan, Trial Period Plan) | You must postpone filing the motion for judgment, or if a motion has already been filed, request the court to delay the hearing or ruling where legally permitted under state or local law. |
| Appeals your evaluation decision | |
| Does not respond or rejects the offer | Proceed with foreclosure. |

If you receive a complete Borrower Response Package less than or equal to 37 days prior to the scheduled foreclosure sale date, follow the requirements outlined in Guide Section 9301.28.

Freddie Mac Standard Short Sales and Foreclosure Suspension

In addition to the general requirements outlined above, you must also take the following actions when the First Complete Borrower Response Package is received more than 37 days prior to a scheduled foreclosure sale date and your evaluation results in an offer to proceed with a short sale:

- You must provide a decision to the borrower within five days of an evaluation decision but no later than 30 days from your receipt of the complete Borrower Response Package
- You must include in the evaluation notice a date by which the borrower must accept the short sale offer, which must be 14 days from the date of the Borrower Evaluation Notice

If a purchase offer was not submitted with the First Complete Borrower Response Package, you must:

- Require the borrower to provide a purchase offer no later than 45 days from the date of the Borrower Evaluation Notice, the date of an appeal decision, if applicable, for purposes of delaying the next legal action in the foreclosure process.
- Communicate to the borrower foreclosure actions will commence or recommence if a purchase offer is not received by the due date (45 days from the date of the Borrower Evaluation Notice). However, the borrower may continue to market the property.

If you receive a purchase offer from the borrower within 45 days from the date of the Borrower Evaluation Notice, you must complete your review and provide a decision to the borrower within 15 days of the date you receive the purchase offer.

When you receive the First Complete Borrower Response Package more than 37 days prior to the scheduled foreclosure sale date, you must delay or ensure that foreclosure counsel delays taking the first legal action, the motion for judgment or order or sale, or if the motion has been filed, request the court to delay a hearing or ruling as permitted under state or local law during the following timeframes:

- The evaluation of the First Complete Borrower Response Package
- The borrower response period to your evaluation decision (which is 14 days from the date of the Borrower Evaluation Notice)
- The 45-day response period in which the borrower must provide a purchase offer
- The appeal period, if the borrower exercises his or her right to appeal the denial of a loan modification

| If | Then |
|--|--|
| You approve the purchase offer received within 45 days of the Borrower Evaluation Notice | You must continue to delay or ensure that foreclosure counsel delays taking the first legal action, the motion for judgment or order or sale, or foreclosure sale to permit the short sale to settle. |
| You reject the purchase offer and the borrower does exercise his or her right to appeal the denial of a loan modification | You must delay the next legal action during your review of the borrower’s appeal and up to an additional 14 days for the borrower to respond to your appeal decision. |
| You reject the purchase offer and the borrower does not exercise his or her right to appeal for a loan modification | <ul style="list-style-type: none"> ▪ You must proceed with the next legal action in the foreclosure process. ▪ The borrower may continue to market the property. |
| You do not receive a purchase offer within 45 days of the date of the Borrower Evaluation Notice | <ul style="list-style-type: none"> ▪ You must proceed with the next legal action in the foreclosure process. ▪ The borrower may continue to market the property. ▪ If you eventually receive a purchase offer, you must provide a decision to the borrower within 30 days of your receipt of the offer. |

Freddie Mac Standard Deeds-in-Lieu of Foreclosure and Foreclosure Suspension

You must take the following actions when you receive the First Complete Borrower Response Package more than 37 days prior to the scheduled foreclosure sale date, and your evaluation results in an offer to proceed with a Standard Deed-in-Lieu of Foreclosure:

- You must provide a decision to the borrower within five days of an evaluation decision but no later than 30 days from your receipt of the complete Borrower Response Package
- You must include in the evaluation notice a date by which the borrower must accept the deed-in-lieu offer, which must be 14 days from the date of the Borrower Evaluation Notice

If the borrower accepts your deed-in-lieu offer, you must obtain all necessary approvals (e.g., title, secondary lien(s), MI) and execute the deed-in-lieu within 60 days of the date you received the borrower’s acceptance of the offer.

You must also delay or ensure that foreclosure counsel delays taking the first legal action, the motion for judgment or order or sale, or if the motion has been filed, request the court to delay a hearing or ruling as permitted under state or local law during the following timeframes:

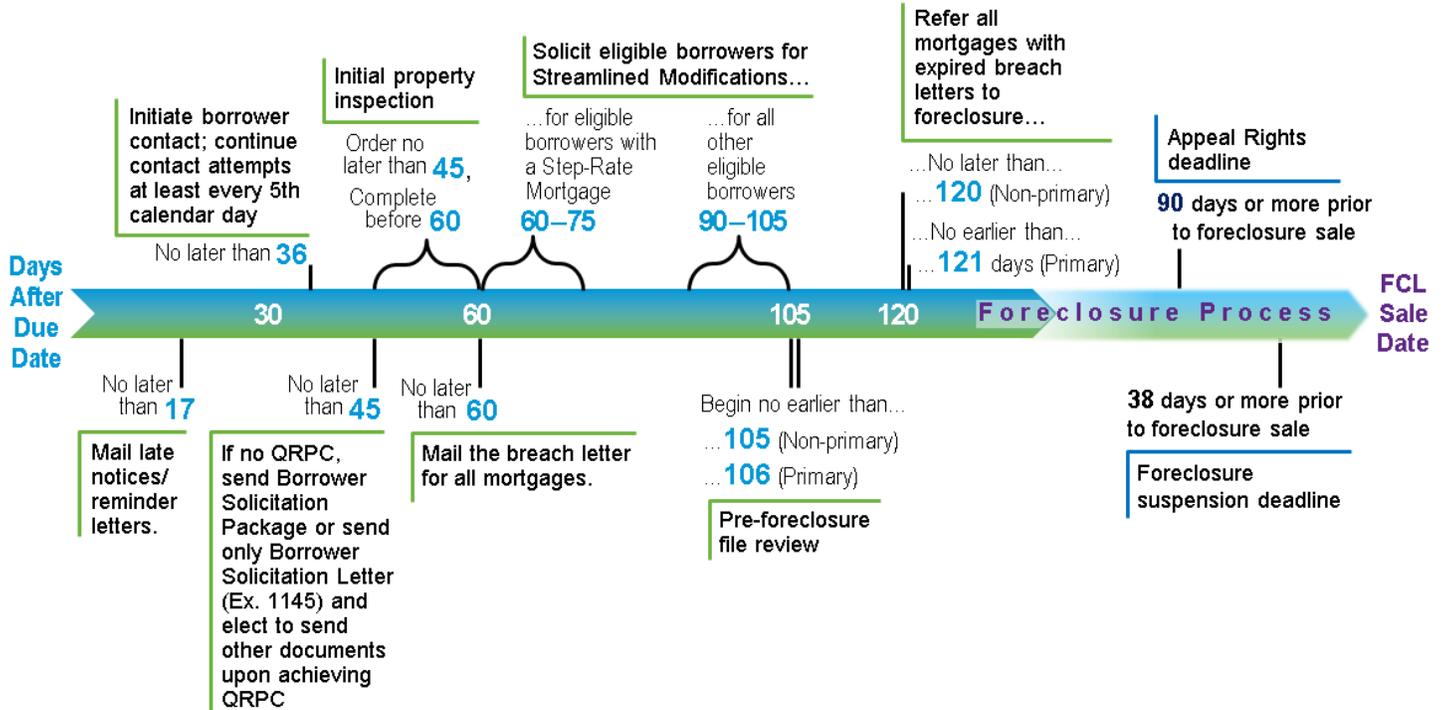
- The evaluation of the First Complete Borrower Response Package
- The borrower response period to your evaluation decision (which is 14 days from the date of the Borrower Evaluation Notice)
- The appeal period, if the borrower exercises his or her right to appeal the denial of a loan modification
- Completion of the deed-in-lieu within 60 days of the date of the borrower’s acceptance of the deed-in-lieu offer (You must continue to delay the next legal action in the foreclosure process to complete the deed-in-lieu, provided the borrower did not previously accept a short sale offer that was not viable and then subsequently accepts the deed-in-lieu offer.)

| If | Then |
|---|--|
| You are able to complete the deed-in-lieu within 60 days of the date the borrower accepts the offer | You must continue to delay or ensure that foreclosure counsel delays taking the first legal action, the motion for judgment or order or sale, or foreclosure sale to complete the deed-in-lieu. |
| You are unable to complete the deed-in-lieu within 60 days of the date the borrower accepts the offer | <ul style="list-style-type: none"> ▪ You must proceed with the next legal action in the foreclosure process. ▪ You are allocated an additional 30 days to complete the deed-in-lieu and must only delay the next legal action in the foreclosure process when you receive the executed deed and all required deed-in-lieu documents. |

If you previously approved the borrower for a short sale, and then transitioned to a deed-in-lieu because the short sale transaction was not successful, you must not delay the next legal action in the foreclosure process until you have received the executed deed and all required deed-in-lieu documents.

Bringing It All Together

The following time line reflects the minimum collection efforts, including the appeal rights window and foreclosure suspension window, for delinquent mortgages secured by primary and non-primary residences.



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