

As you prepare foreclosure sale bidding instructions, you must consider the following:

- Determine if the mortgage is insured by the Federal Housing Administration (FHA), or guaranteed by the Department of Veteran Affairs (VA) or the Rural Housing Service (RHS). If the mortgage is insured by FHA, or guaranteed by VA or RHS, you must issue bidding instructions subject to any FHA, VA, or RHS guidelines.
- Determine if the mortgage is subject to a credit enhancement (e.g., indemnification, recourse, or MI Pool). If the mortgage is subject to a credit enhancement, you must bid an amount approved by the responsible party.
- Determine if the mortgage is covered by mortgage insurance. If the mortgage is covered by mortgage insurance, and Freddie Mac does not have a delegation of authority for foreclosure sale bidding from the mortgage insurer (MI), you must bid an amount approved by the MI.

If these conditions do not exist, the MI elects not to issue bidding instructions, or Freddie Mac has a delegation of authority from the MI for foreclosure sale bidding, you must obtain a credit bid via the Freddie Mac Service Loans application (“Service Loans application”), unless State law requires an appraisal report be used to set the foreclosure sale bid or the foreclosure sale is of a mortgaged premises with income-based resale restrictions that survive foreclosure (in accordance with *Single-Family Seller/Service Guide (Guide)* Section 4201.17).

This reference guide:

- Defines [foreclosure sale bidding instructions](#).
- Explains the [circumstances under which you must contact Freddie Mac prior](#) to issuing foreclosure sale bidding instructions.
- Describes [how and when you must obtain a credit bid](#) and [how and when you must obtain an appraisal report](#) for foreclosure sale bidding instructions.
- Provides instructions on how to [determine foreclosure sale bidding instructions](#).

For additional information about property valuations and foreclosure sale bidding instructions, refer to Guide Sections 9202.16 and 9301.31 through 9301.37, or contact Customer Support at 800-FREDDIE.

### What are Foreclosure Sale Bidding Instructions?

Foreclosure sale bidding instructions establish the maximum bid for a property at foreclosure sale that you are authorized to bid, as delegated by Freddie Mac, before the property can be purchased by a third party.

You are responsible for issuing foreclosure sale bidding instructions unless Freddie Mac states otherwise, in accordance with Guide Sections 9301.31 through 9301.36. You must also bid at the foreclosure sale to preserve Freddie Mac's rights to pursue a deficiency action after the foreclosure sale, according to the requirements in Guide Sections 9301.23 through 9301.25.

We may require you to indemnify us for any loss we incur due to incorrect bidding.

### When Must I Contact Freddie Mac Prior to Issuing Foreclosure Sale Bidding Instructions?

You are delegated to establish the bid for a foreclosure sale in accordance with the requirements outlined in Guide Sections 9301.34 through 9301.36. However, when any of the following conditions exist, do not issue bidding instructions without first contacting us for guidance or obtaining our written approval at least 10 business days prior to the foreclosure sale:

Situation:	Required Action(s):
It is not in Freddie Mac's best interest for you to enter a bid in accordance with the instructions in Guide Sections 9301.34 through 9301.36.	Complete Form 105, <i>Multipurpose Loan Servicing Transmittal</i> . Include the reason why it is not in Freddie Mac's best interest for you to enter a bid in accordance with Guide requirements. E-mail the form to us at <a href="mailto:Shortsales@FreddieMac.com">Shortsales@FreddieMac.com</a> .

Situation:	Required Action(s):
A hazard insurance claim is pending and the bid will jeopardize the approval or payout of the claim.	Complete Form 105. Include all of the following information: <ul style="list-style-type: none"> <li>▪ Type of damage</li> <li>▪ Date the damage occurred</li> <li>▪ Dollar amount of the damage</li> <li>▪ Insurance company name</li> <li>▪ Date you filed the claim</li> <li>▪ Current status of the claim</li> <li>▪ Estimated timeframe for claim settlement</li> </ul> E-mail the form to us at <a href="mailto:Distressed_property@FreddieMac.com">Distressed_property@FreddieMac.com</a> .
You are unable to obtain a credit bid (see Guide Section 9301.32 on obtaining a credit bid for foreclosure sale bidding) and bid in accordance with Guide Section 9301.34, or you dispute the credit bid obtained in connection with a scheduled foreclosure sale.	Complete Form 105. E-mail the form to <a href="mailto:Shortsales@FreddieMac.com">Shortsales@FreddieMac.com</a> . If you dispute the credit bid obtained via the Service Loans application for a scheduled foreclosure sale, and Freddie Mac decides to update or change the credit bid, Freddie Mac will notify you that the credit bid has been updated prior to the foreclosure sale date. (See Guide Section 9301.32 on updated credit bids.)
You are unable to obtain a credit bid because the foreclosure sale is of a mortgaged premises with income-based resale restrictions (in accordance with Guide Section 4201.17), but you believe it is in Freddie Mac's best interest for you to obtain a credit bid and bid in accordance with Guide Section 9301.34.	Complete Form 105. E-mail the form to <a href="mailto:Shortsales@FreddieMac.com">Shortsales@FreddieMac.com</a> .

### How and When Must I Obtain a Credit Bid?

We recommend that you obtain the credit bid via the Service Loans application no less than 30 days, but no greater than 90 days, prior to the scheduled foreclosure sale date. If the “good through date” returned with the credit bid expires prior to the scheduled foreclosure sale date, then you must proactively request an updated credit bid in time for the scheduled foreclosure sale.

You are not required to obtain credit bids when preparing bids on mortgaged premises with income-based resale restrictions that survive foreclosure. You must refer to the applicable resale restrictions for details on the property valuation and/or the restricted resale price, as well as any other terms and conditions that must be met.

Freddie Mac may decide, in its sole discretion or in response to your dispute of the credit bid (see Guide Section 9301.31 regarding a Servicer's dispute of the credit bid obtained in connection with a scheduled foreclosure sale), to update or change the credit bid you obtained via the Service Loans application. In such cases, Freddie Mac will notify you that the credit bid has been updated prior to the foreclosure sale date, and you must cooperate with Freddie Mac and make every effort to ensure that foreclosure counsel receives the updated bidding instructions in a timely manner so as not to delay, cancel or stop a scheduled foreclosure sale.

If you are unable to provide the updated bidding instructions to foreclosure counsel in a timely manner, or foreclosure counsel could not use the updated bidding instructions, then you must document it in the mortgage file. Under no circumstance should the foreclosure sale be delayed because of your receipt of an updated credit bid.

## How and When Must I Obtain an Appraisal Report?

You are not required to obtain property values when preparing foreclosure sale bidding instructions on mortgaged premises with income-based resale restrictions that survive foreclosure. You must refer to the applicable resale restrictions for details on the property valuation and/or the restricted resale price, as well as any other terms and conditions that must be met.

If State law requires that an appraisal report be used to set the foreclosure sale bid, then you must obtain the appraisal report in sufficient time to complete the foreclosure by the scheduled foreclosure sale date. You may obtain the appraisal report either directly from Freddie Mac through BPOdirect® or from an appraiser of your choice.

If you do not obtain the appraisal report directly from Freddie Mac, then you must:

- Obtain Freddie Mac's prior written approval to order the appraisal report from an appraiser of your choice at least 30 days before the scheduled foreclosure sale date. Freddie Mac's approval can be obtained by submitting a request for pre-approval (RPA) via the Reimbursement System. If you do not obtain our prior approval, we will not reimburse you for the appraisal expense.
- Ensure the appraisal is obtained in accordance with applicable law, and the appraisal must comply with the requirements of Guide Chapter 5601 and Guide Section 9301.33.

When State law does not require an appraisal report to be used to set the foreclosure sale bid, unless the foreclosure sale is of a mortgaged premises with income-based resale restrictions that survive foreclosure, you must comply with the credit bid requirements in Guide Section 9301.32.

If you use an appraisal, the appraisal report must be dated within 120 days of the foreclosure sale date. If the appraisal report becomes greater than 120 days old, you must have the appraiser recertify the report – you must not order a new one.

## How do I Determine Foreclosure Sale Bidding Instructions?

### **First-Lien Mortgages Covered by Mortgage Insurance or Subject to Credit Enhancements**

For a first-lien mortgage covered by mortgage insurance, you must bid an amount approved by the MI. If the MI elects not to issue bidding instructions or Freddie Mac has a delegation of authority from the MI for foreclosure sale bidding, you must follow the instructions in Guide Section 9301.34.

In the event the mortgage has mortgage insurance and the MI's instructions include preserving deficiency rights, you should bid an amount at foreclosure sale that reserves the right to pursue deficiencies after the foreclosure sale on a case-by-case basis.

For a mortgage subject to a credit enhancement, you must bid an amount approved by the responsible party.

### **FHA, VA, and RHS Mortgages**

If the mortgage is an FHA, VA, or RHS mortgage, then you must follow FHA, VA, or RHS guidelines for bidding instructions.

For VA mortgages, you may not enter a bid on Freddie Mac's behalf in excess of the upset price established by the VA. If you do not receive the VA upset price, you must submit Form 105 via fax or e-mail us at least three business days prior to the foreclosure sale.

E-mail: [Foreclosures@FreddieMac.com](mailto:Foreclosures@FreddieMac.com) Fax: (703) 714-4856

### **First-Lien Mortgages Not Covered by Mortgage Insurance or Subject to Credit Enhancements**

Perform the activities below to bid for first-lien mortgages not covered by MI or subject to credit enhancements.

Unless the foreclosure sale is of a mortgaged premises with income-based resale restrictions that survive foreclosure, obtain the credit bid via the Service Loans application. If State law requires that an appraisal report be used to set the foreclosure sale bid, refer to Guide Section 9202.16 for requirements on obtaining an appraisal report to prepare foreclosure sale bidding instructions.

Start your foreclosure sale bid at the minimum required by State law. If State law would impose a redemption, confirmation, or ratification period because the foreclosure sale price was below a certain amount, you must bid a sufficient amount that would minimize or avoid any such additional periods from being imposed. Also, if applicable State law gives the borrower a post-foreclosure sale right of redemption, and the borrower can redeem the property for the successful foreclosure sale price, you must start your bid, as applicable, at an amount equal to the lesser of:

- 100 percent of the credit bid obtained from the Service Loans application, or
- Total indebtedness, which includes the unpaid principal balance (UPB), accrued interest, Escrow advances and expenses (see Guide Exhibit 57A, *Approved Attorney Fees and Title Expenses*, for the applicable expense limits), or
- Such other amount as may be required by applicable State law (e.g., amount of the judgment), or
- For the foreclosure sale of a mortgaged premises with income-based resale restrictions that survive foreclosure, the property valuation and/or the restricted resale price

If you worked with your foreclosure attorney to preserve Freddie Mac's right to pursue a deficiency action pursuant to Guide Sections 9301.23 and 9301.45, or filed a judicial foreclosure to preserve the right to pursue a deficiency judgment pursuant to Guide Section 9301.10, you should bid an amount at foreclosure sale that reserves the right to pursue deficiencies after the foreclosure sale on a case-by-case basis.

#### **If a Third Party Enters a Bid**

When a third party enters a foreclosure sale bid, you must bid, as applicable, up to, but not exceed, an amount equal to the lesser of:

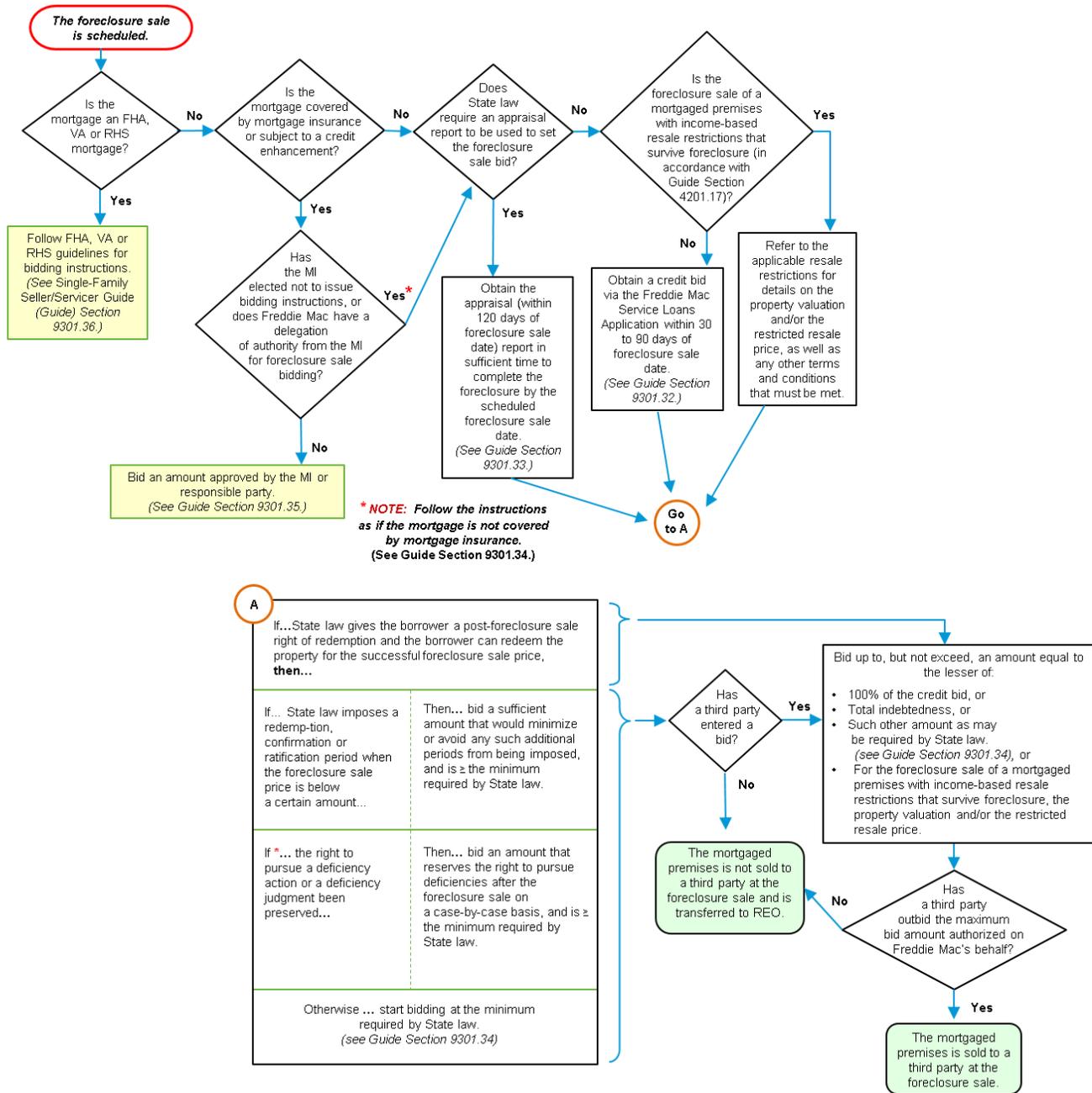
- 100 percent of the credit bid obtained from the Service Loans application, or
- Total indebtedness, which includes the unpaid principal balance (UPB), accrued interest, escrow advances and expenses (see Guide Exhibit 57A, *Approved Attorney Fees and Title Expenses*, for the applicable expense limits), or
- Such other amount as may be required by applicable State law (e.g., amount of the judgment), or
- For the foreclosure sale of a mortgaged premises with income-based resale restrictions that survive foreclosure, the property valuation and/or the restricted resale price

If the minimum bid required by State law:	Then:
Exceeds the credit bid but is less than the total indebtedness or such other amount as may be required by State law	You do not need to bid an amount more than the minimum bid required by State law.
Exceeds the credit bid, total indebtedness, and such other amount as may be required by State law	You must follow the instructions in Guide Section 9301.31.

Notwithstanding the requirements above, for the foreclosure sale of a mortgaged premises with income-based resale restrictions that survive foreclosure, you must refer to the applicable resale restrictions for details on the property valuation and/or the restricted resale price, as well as any other terms and conditions that must be met.

### Bringing It All Together: The Foreclosure Sale Bidding Instructions Process

The following process flow highlights the key steps and decisions associated with preparing and issuing foreclosure sale bidding instructions.



**\*NOTE: In the event the mortgage has mortgage insurance, and the MI's instructions include preserving deficiency rights, bid an amount at foreclosure sale that reserves the right to pursue deficiencies after the foreclosure sale on a case-by-case basis. (See Guide Section 9301.35.)**

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

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