

Freddie Mac Investor Reporting and Remitting FAQs Regarding Home Affordable Modification Program (HAMP)



#	Question	Answer
1	What are the reporting and remitting requirements for HAMP participation loans?	For participation loans, enter the interest and principal reduction as the participation percentage and enter the UPB at 100 percent.
2	Is the accounting method changed from Scheduled/Scheduled to Scheduled/Actual upon modification?	The accounting method is not changed resulting from HAMP modification.
3	Do we always report a code 80 for the initial modification balance increase?	No, reporting a code 80 for the initial modification balance increase is not permitted, unless directed by Freddie Mac, on a case-by-case basis for corrections to modifications.
4	<p>Background: Interest-bearing UPB – The definition is: For mortgages with deferred UPB or partial principal forbearance, the amount of the interest-bearing UPB is the portion of the balance subject to interest calculation.</p> <p>Question: Isn't this really the principal balance that we used to report in the past before these changes? So we just wouldn't be adding the deferred UPB to that amount, is that correct?</p>	<p>Yes, the interest-bearing UPB is the total UPB without the deferred UPB included.</p> <p>When there is partial principal forbearance, the UPB has two components: the interest-bearing UPB (used to calculate interest due to Freddie Mac) and the deferred UPB, which is non-interest-bearing, non-amortizing, and added to the interest-bearing UPB to determine gross UPB.</p>
5	<p>Background: On page 10 of the EDI Interface Specifications Bulletin, regarding element 374, the definition is "The date the HAMP Borrower Incentive Curtailment is posted to the borrower's account."</p> <p>Question: Should we report the code 374 curtailment date if the data element isn't listed in the four new fields discussed on the first page of the Specifications Bulletin?</p>	<p>On page 4 of the Interface Specifications Bulletin, at the end of the Real Estate Loan Type (RLT) Loop, there is a new loop called the N1 Loop. In the N1 loop, there is a date field, DTP 374. Use this field to report the date.</p> <p>This field is only required when you report an amount for the "Borrower Incentive Curtailment Amount." You can leave this blank if the "Borrower Incentive Curtailment Amount" is not reported.</p>
6	How do we want customers to report the deferred principal curtailment transactions?	You report deferred principal curtailment amounts by including a value in the new field: "Deferred Principal Curtailment Amount field." Any amount reported in this field as borrower curtailment will be posted to the non interest-bearing balance.
7	How do we want customers to report the incentive curtailment transactions?	If applicable, you report a value in the new field: "Borrower Incentive Curtailment Amount field."

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8	<p>If borrower incentive payments or deferred principal curtailments come from the Servicer, the Service Bureaus are assuming that they will have to identify these when the Servicer posts them. Can we verify for the Service Bureau that both of these amounts come from the Servicer? Should the Servicers report “Deferred Principal Curtailment Amount” and “Borrower Incentive Curtailment Amount” to the Service Bureaus?</p>	<p>The deferred principal curtailment amount should be from the borrower and reported to the bureau by the Servicer as a curtailment to the deferred UPB. The borrower incentive curtailment must be paid to the Servicer on behalf of the borrower to be reported in the “Borrower Incentive Curtailment Amount” field and is applied as a curtailment to interest-bearing UPB.</p> <p>The borrower incentive curtailment amount should be reported in the “Borrower Incentive Curtailment Amount” field (do not report this amount in the interest-bearing principal collected field). The Interest-bearing UPB should be reduced by the borrower incentive curtailment amount.</p>
9	<p>How does Freddie Mac want the deferred principal collected with the payoff reported? Is it added to the principal collection on the payoff transmissions?</p>	<p>Report the deferred principal collected with the payoff separately.</p> <p>Report the deferred principal collected with the payoff in the “Deferred Principal Curtailment Payment” field in the Service Loans application and report the deferred principal curtailment in the “Deferred Principal Curtailment Amount” field in EDI.</p>
10	<p>If the lender is applying the curtailments, do we want the curtailments to be automatically applied to the interest- bearing UPB and to the deferred with a special transaction?</p>	<p>To apply a curtailment to the deferred UPB the Servicer or Service Bureau must report the amount of the curtailment in the “Deferred Principal Curtailment Amount field.”</p> <p>Curtailments to the interest-bearing UPB will be reported as they are today in the “Current Principal” field, unless instructed otherwise from the borrower.</p>
11	<p>Two Part Question:</p> <p>A. Can we confirm that lenders will receive a check with a list of the loans that get incentives on the incentive curtailment?</p> <p>B. If this is not automated, where is the incentive applied, to interest bearing or deferred?</p>	<p>A. The process for incentive payments is as follows:</p> <ol style="list-style-type: none"> 1. Freddie Mac will send a wire or Automated Clearing House (ACH) to Bank of New York (BNY); BNY will send a wire or ACH to the Servicer on behalf of the borrower. 2. The Servicer or Service Bureau will report this same amount to Freddie Mac in their monthly Investor Reporting report in the “Borrower Incentive Curtailment Amount” field. <p>B. This amount will be applied as a curtailment to the interest-bearing UPB.</p>

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12	<p>Background: According to the September 18 2009 <i>Single-Family Seller/Servicer Guide Bulletin</i>, the amount of “principal due to Freddie Mac” that is reported <u>to</u> Freddie Mac in the “Principal Due Freddie Mac” data field is Freddie Mac’s share of principal payments, including prepaid principal, curtailments, etc. applied to the interest-bearing UPB and non-interest-bearing UPB during the accounting cycle.</p> <p>Question: Is this item only relating to the remittance of cash or the reporting of payoff data?</p>	<p>It applies to the monthly loan-level reporting, which then would translate to monthly remittance.</p>
13	<p>Background: The following question applies to reporting deferred principal curtailment and borrower incentive curtailment:</p> <p>Question: Do the trading partners need to report an Exception Code 80 (IRA Segment) in their EDI file when either the deferred principal curtailment amount or the borrower incentive curtailment amounts are a negative amount?</p>	<p>Trading partners need to report the Exception Code 80 when either the principal collected (interest-bearing) or the deferred principal collected is negative.</p>
14	<p>If the loan data is for non-HAMP loans, does Freddie Mac expect to have zeroes reported in “Interest bearing UPB,” “Deferred UPB,” “Deferred Principal Curtailment Amount,” and “Borrower Incentive Curtailment Amount fields?”</p>	<p>For Non-HAMP loans that are reported in the EDI format: The HAMP segments do not need to be reported. If the segments are reported, they need to have an amount of “zero.”</p>
15	<p>For HAMP loans, if the fields mentioned in question 14 have zeroes, does Freddie Mac expect the fields to be reported with zeroes?</p>	<p>Yes.</p>

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16	Is it ok to assume \$.00 for the new fields if we have no data?	<p>For non-HAMP loans, the four new fields do not need to be reported.</p> <p>For HAMP loans, the three new fields: "Interest bearing UPB," "Deferred UPB," "Deferred Principal Curtailment" Amount," will need to be reported even if the amount is zero (\$.00).</p> <p>For HAMP loans, the fourth new field: "Borrower Incentive Curtailment Amount" only needs to be reported during the cycle the incentive is applied, but can be reported with zeros (\$.00) during other cycles.</p>
17	Are the amounts capitalized for the loan modification subtracted from the monthly remittance, or is this handled some other way?	The Servicer is responsible for managing their cash and liability to Freddie Mac, however cash credits are an adjusted entry that reduces the Freddie Mac liability on the monthly accounting statement.
18	Does the initial amount deferred factor into the remittance at all?	No, the initial amount deferred does not factor into remittance, except at payoff.
19	<p>Two Part Question</p> <p>A. In the month following the loan modification, how is the interest due calculated? Is it based on the principal before modification, or the principal after modification?</p> <p>B. It's likely that the loan was inactive when it was modified. If the loan is inactive, how should the interest be reinstated?</p>	<p>A. Interest due is calculated based on modified UPB, modified interest and modified terms.</p> <p>B. Servicers have to reinstate before modification using old terms. Interest is calculated on pre-modification terms.</p>