

Freddie Mac requires its Servicers to comply with both Treasury’s and Freddie Mac’s Home Affordable Modification Program (HAMP®) loan-level detail reporting and data submission requirements via multiple systems to ensure accurate and timely settlements with Freddie Mac and incentive payments for Servicers. Servicers must ensure that any internal processes executed by Servicers to fulfill monthly HAMP reporting requirements also include reconciliation practices to identify and resolve any variances between the Freddie Mac data sent to the U.S. Department of the Treasury (Treasury) and to Freddie Mac.

The following best practices have been compiled by Freddie Mac using input from Servicers on how they manage the HAMP reporting requirements and the inherent differences in reporting timelines across separate technology platforms including Workout Prospector® and the HAMP Reporting Tool (IR2). Use these best practices to ensure a complete reconciliation process across all relevant systems.

**Background:** The Program Administrator requires periodic reporting during and after the Trial Period while Freddie Mac requires the loan record/analysis be performed in Workout Prospector *prior* to both the Trial Period and the permanent modification. The table below contrasts typical reporting requirements for a successful modification under HAMP:



Event	Program Administrator System	Freddie Mac System
HAMP Trial Period Plan approved – borrower notification	No activity	Complete HAMP workout alternative analysis in Workout Prospector prior to notifying borrower of approval for Trial Period Plan
Trial Period #1 payment received	Complete loan set-up and report payment received	No activity
Trial Period #2 payment received	Report payment received	No activity
Trial Period #3 payment received	Report payment received	No activity
Calculate and establish final modified loan terms under HAMP and notify borrower	No activity	Update and re-compute final HAMP workout alternative analysis in Workout Prospector prior to notifying borrower of final modification terms
Interim month payment received from borrower, if applicable	Report payment received	No activity
Receive / perfect final modification documents	Update status of loan record with final modification terms	Update status to <b>Modification Program - Approve</b> and complete the settlement process
Receive first modified payment under permanent HAMP modification	Report payment received	No activity

The dynamic nature of structuring and settling modifications under HAMP combined with the multiple reporting responsibilities required by various program participants can create challenges in maintaining data integrity across all systems. This includes reporting non-HAMP modifications to IR2 in error or not changing the status of the loan in IR2 when a HAMP Trial Period Plan is terminated, etc. A borrower and servicer could also work together to replace a HAMP Trial Period Plan with another alternative which brings another layer of complexity to ensuring accurate data is provided to each system.

Regardless of whether the reporting processes for both systems are performed by the same department/personnel or assigned to separate departments/personnel within your organization, it is important to reconcile the information provided to each system to ensure no data discrepancies occur so that you can meet your servicing obligation to report accurately and timely to both Freddie Mac and Treasury. Also, IR2 does not include Freddie Mac loan numbers in its database; therefore, any reconciliation process should be done using the Servicer's loan number.

**Best Practices for Servicers:** The following suggested best practices are provided to guide Servicers in establishing and/or strengthening internal control and quality assurance procedures – specifically focused on identifying and resolving data discrepancies that can occur under HAMP.

- A. Establish a process to reconcile IR2 and Workout Prospector which incorporates the following:
  - A monthly reconciliation of balances between the two system reports
  - Mapping of data points to the source
  - Monitoring and timely resolution of discrepancies
- B. Ensure segregation of duties exists between the data entry and reporting function and the reconciliation function in your operations. The servicer team that enters the data into IR2 and Workout Prospector should not also be responsible for reconciling the data between the two systems. A separate group should perform the reconciliation. Any identified discrepancies should be resolved in a timely manner.
- C. Perform periodic quality assurance checks on your HAMP processes that include confirming that both signed modification agreements are received from the Borrower prior to reporting a completed workout in IR2.
- D. Submit the required documentation to complete the settlement with Freddie Mac pursuant to the *Freddie Mac Single-Family Seller/Servicer Guide*.

**Reconciliation Tool:** The HAMP Modification Trial Tracking Report is a monthly report available through Default Reporting Manager<sup>SM</sup>. It provides a list of active HAMP Trial Period Plans reported to Freddie Mac. Use this report as a data source in evaluating and confirming the consistency of Freddie Mac data that you reported to both the Program Administrator and to Freddie Mac.

**Default Reporting Manager<sup>SM</sup>**

**HAMP Mod Trial Tracking Report**  
**Beach Bank / 999999**  
 For Period Ending Saturday, December 31, 2011  
 Last Updated Tuesday, February 21, 2012 at 12:52 pm.

[Load Spreadsheet](#)

Reporting Cycle#	Servicer #	Servicer Loan #	FHLMC Loan #	Orig Svcr Cycle	Start Date DDLPI	Days Trial DLQ	Trial Start Date	Est Trial End Date	BK Ind	Mos Rptd	Skip Ind	Trial Status	Reset Ind	Orig Rptd Svcr Cycle	Orig Trial Start Date	Orig Trial End Date
<b>Active</b>																
12/31/2011				11/30/2011	05/01/2011	180	12/01/2011	02/29/2012	N	2	N	A	N	.	.	.
12/31/2011				12/31/2011	12/01/2010	330	12/01/2011	02/29/2012	N	1	N	A	N	.	.	.
12/31/2011				12/31/2011	11/01/2010	330	11/08/2011	04/07/2012	Y	1	N	A	N	.	.	.
12/31/2011				12/31/2011	10/01/2011	60	01/01/2012	03/31/2012	N	1	N	A	N	.	.	.
12/31/2011				12/31/2011	03/01/2010	630	01/01/2012	03/31/2012	N	1	N	A	N	.	.	.
12/31/2011				11/30/2011	07/01/2011	120	12/01/2011	02/29/2012	N	2	N	A	N	.	.	.
12/31/2011				12/31/2011	02/01/2011	300	01/01/2012	03/31/2012	N	1	N	A	N	.	.	.
12/31/2011				11/30/2011	08/01/2011	90	12/01/2011	02/29/2012	N	2	N	A	N	.	.	.
12/31/2011				11/30/2011	05/01/2011	180	12/01/2011	02/29/2012	N	2	N	A	N	.	.	.
12/31/2011				11/30/2011	10/01/2011	30	12/01/2011	02/29/2012	N	2	N	A	N	.	.	.

For additional information about HAMP, refer to *Freddie Mac Single-Family Seller/Servicer Guide* Chapter 9205.

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.

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