

A partial reinstatement is when a borrower enters into an agreement to restore a delinquent mortgage in foreclosure to current status by:

- Paying all outstanding fees and related expenses in amounts not to exceed the expense limits outlined in *Single-Family Seller/Servicer Guide (Guide) Exhibit 57, 1-4 Unit Property Approved Expense Amounts* (Accrued late charges, inspection fees, and BPO expenses may be collected at the end of the repayment plan.)
- Paying an amount equal to, at a minimum, the first payment due under the repayment plan
- Completing a written repayment plan, if the plan exceeds three months, that includes a stipulation agreement that specifies foreclosure proceedings are suspended during the repayment plan and that you are entitled to recommence foreclosure at the point the foreclosure was suspended if the borrower defaults on the repayment plan

This quick reference outlines Freddie Mac's requirements for establishing and reporting partial reinstatements and their corresponding repayment plans. For additional information on partial reinstatements, refer to Guide Sections 9203.5 and 9203.6.

If you have any questions about partial reinstatements, contact your Freddie Mac representative or Customer Support (800-FREDDIE).

Requirements for Partial Reinstatements

The borrower must:

- Pay the following in cash or certified funds:
 - All outstanding legal fees and related expenses in amounts not to exceed the expense limits outlined in Guide Exhibit 57A, *Approved Attorney Fees and Title Expenses* (Accrued late charges, inspection fees, and BPO expenses may be collected at the end of the repayment plan.)
 - At a minimum, the first payment due under the terms of the repayment plan
- Submit information demonstrating his or her financial ability to afford the following:
 - Partial reinstatement payment
 - Repayment plan payments (including the scheduled monthly payment) on a monthly basis
 - Monthly payments at the end of the repayment plan

The partial reinstatement and its corresponding repayment plan must:

- Lead to full reinstatement or payoff at the conclusion of the repayment plan
- Be in writing and signed by the borrower, if the plan exceeds three months
- Include a stipulation agreement that allows you to recommence foreclosure at the point the foreclosure was suspended if the borrower defaults on the repayment plan
- Not exceed 12 months from the date you receive the partial reinstatement funds if there is an escrow account for taxes on the mortgage
- Not exceed 18 months from the date you receive the partial reinstatement funds if there is no escrow account for taxes on the mortgage (If there is no escrow account for taxes and the repayment period exceeds three months, you must establish an escrow account unless prohibited by law.)

The repayment plan agreement must state:

- The amount of the partial reinstatement payment
- The total amount to be repaid
- The beginning and end dates of the repayment period

- The exact amount of the repayment plan payment that will be added to the borrower's regular monthly payment
- That the borrower must pay all scheduled monthly payments during the period of the repayment plan
- That the borrower must continue monthly payments according to the terms of the Note at the end of the repayment plan

Guide Exhibit 93, *Evaluation Model Clauses*, includes a model repayment plan that you may use and amend as necessary to comply with the above requirements and applicable law.

If a borrower does not meet Freddie Mac's requirements, but you believe a variation in the plan would result in the reinstatement of the mortgage, submit the proposed plan to Freddie Mac for approval. Complete Form 105, *Multipurpose Loan Servicing Transmittal*, and e-mail it to us at NPL_File_Prep@FreddieMac.com. You may also fax it to us at (571) 382-4914, Attention File Preparation.

At the end of the repayment plan, you may make arrangements with the borrower to collect accrued late charges, inspection fees and the cost of the BPO. However, the payment must not include reimbursement for costs you incurred if state law prohibits collection of those costs from the borrower.

Reporting Partial Reinstatements with Repayment Plans

1. Notify Freddie Mac of the partial reinstatement and corresponding repayment plan through Electronic Default Reporting (EDR) within the first three business days of the month following the month you accepted the partial reinstatement of a mortgage that has been reported to us as 30 or more days delinquent or in foreclosure and entered into the repayment plan with the borrower.

Take the following actions when you report through EDR:

- Discontinue reporting default action code 43 (Referred to Foreclosure).
- Report the following information to Freddie Mac in the order specified:
 - Default action code 12 (Repayment Plan)
 - Date you received the initial repayment plan payment from the borrower
 - Default action code 20 (Reinstatement)
 - Date you received the partial reinstatement funds from the borrower
 - Due date of the last paid installment (DDLPI), as calculated after the partial reinstatement payment is applied

Occupancy Status code, Property Condition code, and Reason for Default code are also required if the loan is 90 days or more delinquent.

2. Continue to report default action code 12 (Repayment Plan), and the DDLPI through EDR each month until the mortgage is fully reinstated, paid off, a foreclosure sale is held, or a workout is completed.

Include the following information in the EDR transmission:

- Default action code 12, Repayment Plan
- Date you received the initial repayment plan payment from the borrower
- DDLPI

3. Report default action code 20 (Reinstatement) in the last month of the repayment period, when the mortgage will be fully reinstated upon receipt of the final payment. Do not report default action code 12 in this last month.

Occupancy status, property condition, and reason for default codes are also required if the loan is 90 days or more delinquent.

When the Borrower Defaults on the Repayment Plan

1. Refer the loan to the foreclosure attorney/trustee to resume foreclosure.
2. Notify Freddie Mac through EDR within the first three business days of the month following the month the borrower defaulted on the repayment plan.
 - Discontinue reporting default action (status) code 12, Repayment Plan.
 - Report the following:
 - Default action (status) code 43, Referred to Foreclosure
 - Date the loan was referred to foreclosure

If the DDLPI	Then date the loan was referred to foreclosure
Has advanced during the repayment plan	Must equal the date you instructed the attorney to resume foreclosure
Has not advanced during the repayment plan	Must equal the date reported when the loan was originally referred to foreclosure

- DDLPI

Occupancy status, property condition, and reason for default codes are also required if the loan is 90 days or more delinquent.

3. Continue to report the appropriate default action code(s) based on your actions taken since the borrower defaulted on the repayment plan.