

Bulletin

NUMBER: 2009-23

TO: All Freddie Mac Servicers

September 18, 2009

SUBJECTS

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are updating the Guide to incorporate the following changes to the [Home Affordable Modification Program \(HAMP\) requirements](#):

- Requiring that Servicers [evaluate and process Mortgages for HAMP in Workout Prospector®](#), which has been updated for HAMP, and announcing that the Borrower Qualification Worksheet will be retired
- Requiring Servicers to [use the property value provided in Workout Prospector](#), if the value is available, and announcing that effective January 1, 2010, Freddie Mac will no longer publish the report of property values on its web site
- Providing Servicers with a link to specific requirements governing the [collection and reporting of Government Monitoring Data](#) as set forth in the *Supplemental Documentation - Frequently Asked Questions*, and instructing Freddie Mac Servicers to comply with such requirements
- [Incorporating requirements for first-lien Servicers](#) pursuant to the new Making Home Affordable Second Lien Modification Program (“2MP”), recently announced by the United States Department of the Treasury (“Treasury”)
- [Revising our program activity reporting requirements](#) by retiring the Program Performance Reporting Spreadsheet (also referred to as the “weekly summary”), and instead, requiring Servicers to submit to Freddie Mac the following:
 - Data sets that they report to Fannie Mae in its capacity as program administrator for Treasury (“Program Administrator”), as described in this Bulletin
 - Summary-level data regarding solicitation activity
- Providing additional guidance with respect to [recordation of the Modification Agreement](#)
- Revising the requirements related to the [capitalization and reimbursement of property inspection fees](#)
- Amending the Guide to add a provision that [permits Servicers to utilize temporary waivers](#) posted by the Program Administrator on <http://www.HMPAdmin.com>

We are also revising the requirements for capitalizing expenses and delinquent amounts for modifications processed pursuant to Guide Chapter B65, *Workout Options*.

In addition, we are reminding Servicers of, and providing additional detail on, the following [previously announced changes](#):

- [Revisions to the HAMP Modification Agreement, Trial Period Plan and Hardship Affidavit](#) announced in August 2009; Servicers must begin using the revised legal documents with revision dates of 8/09 as soon as possible, but no later than September 30, 2009
- Beginning October 1, 2009, Servicers must begin [reporting new Electronic Default Reporting \(EDR\) codes](#) announced in Bulletin 2009-13 (Home Affordable Modification Program) in their monthly EDR reporting
- [EDR and loan-level investor reporting file formats are being revised](#) to incorporate new data requirements; Servicers must update their systems by the dates in the section below titled *Effective Dates* to accommodate these revisions

Finally, we have incorporated additional guidance on various other program requirements to align our requirements with some of the guidance issued by Treasury in the Frequently Asked Questions document posted on <https://www.HMPAdmin.com/portal/index.html>. Servicers should review the changes to Chapter C65, *Home Affordable Modification Program*, in their entirety to ensure they understand and comply with Freddie Mac's requirements.

Supplemental Directive 09-06

In Supplemental Directive 09-01, Treasury announced the eligibility, underwriting and servicing requirements for HAMP. Exhibit D to Supplemental Directive 09-01 described the data elements that are required to be collected and reported starting October 2009 for Mortgages evaluated for HAMP.

Treasury recently announced further guidance with respect to a portion of the data requirements in Exhibit D that must be reported by Servicers to the Program Administrator. Pursuant to [Guide Section C65.11\(b\)](#), Freddie Mac Servicers must comply with these requirements for collection and reporting of data.

Effective dates

All changes are effective immediately except the following:

- **October 5, 2009** – Servicers must report to Freddie Mac on a weekly basis data they report to the Program Administrator (as described in the section below titled [Requirements for the reporting of loan-level HAMP data](#)) and summary-level solicitation data beginning on this date; Servicers may begin reporting this data to Freddie Mac immediately
- **October 26, 2009** – Servicers must begin reporting EDR data using the new file formats beginning on this date
- **November 1, 2009**
 - Mortgages for which the Servicer begins a new evaluation for HAMP on and after this date must be processed in Workout Prospector. Once the Servicer has begun the evaluation in Workout Prospector for HAMP, the Servicer must continue to use Workout Prospector to structure other alternatives to foreclosure in cases where the Borrower failed the Trial Period, did not qualify for HAMP, or rejected the terms of the Trial Period Plan offer or Modification Agreement. See section below titled *Workout Prospector* for additional information regarding effective dates.
 - The Borrower Qualification Worksheet will not be available after this date
- **December 14, 2009** – Servicers must implement the new file formats to be able to support the new loan-level investor reporting requirements, beginning on this date
- **January 1, 2010** – As of this date, Freddie Mac will no longer provide on its web site the report of property values for Borrowers who are 31 days or more delinquent

PROGRAM REQUIREMENTS

Workout Prospector

With this Bulletin, we are announcing the retirement of the Borrower Qualification Worksheet and introducing a new version of Workout Prospector that Servicers must use for all Freddie Mac Mortgages for which Borrowers are being considered for a Trial Period Plan and modification under HAMP.

Available online, the new version of Workout Prospector enables a Servicer to determine the terms of the Trial Period Plan and modification under HAMP, by using data the Servicer inputs in conjunction with loan information accessed from Freddie Mac's database. Servicers using Workout Prospector are deemed to be bound by all of the provisions of the Workout Prospector User Agreement set forth as [Guide Exhibit 86, Workout Prospector User Agreement](#) to the same degree as if they had signed such agreement as a "User."

Effective **November 1, 2009**, Servicers must use Workout Prospector for any Freddie Mac Mortgage that meets the HAMP eligibility requirements described in new [Section C65.6\(g\)](#). We will notify Servicers of when they may begin using Workout Prospector for HAMP in a future communication.

Servicers may use their own proprietary system to generate the terms of the Trial Period Plan and the Modification Agreement; however, the data must still be entered in its entirety into Workout Prospector (i.e., the Servicer must input required data at the time of initial evaluation of the Mortgage for HAMP and continuously throughout the modification process into Workout Prospector). Servicers must structure the terms of a HAMP Trial Period Plan, Modification Agreement or other foreclosure alternative in accordance with the results generated by Workout Prospector, their own proprietary system, or a third-party system. However, in relying on their own proprietary or a third-party system:

- For any new Trial Period Plan (based on either stated information or verified documentation) or Modification Agreement sent to a Borrower on or after **November 1, 2009**, Servicers must ensure their results are the same as the results generated by Workout Prospector prior to sending out the Trial Period Plan or Modification Agreement to the Borrower
- For Trial Period Plans and Modification Agreements sent to Borrowers prior to **November 1, 2009**, in the event the terms of the Modification Agreement are not consistent with Workout Prospector, the Servicer must enter the required data into Workout Prospector and submit the transaction with the Workout Prospector results. Form 1128, *Loss Mitigation Transmittal Worksheet*, must reflect the terms of the Modification Agreement and the Servicer must note in the Servicer Comments section of Form 1128 that there are discrepancies between the terms of the Modification Agreement and the Workout Prospector results. The form must be faxed to Freddie Mac together with any other required documentation, in accordance with [Section C65.7\(e\)](#). Freddie Mac will review each transaction with a variance for compliance and acceptability to Freddie Mac.

Servicers are reminded that they remain obligated to independently determine whether a Borrower is in imminent default and whether such a Borrower qualifies for HAMP.

Servicers will have the ability to import information into the application via a batch process through which they can transmit data for up to 1000 Mortgages at a time. However, at this time, Servicers will still be required to manually select and save the HAMP status through the various stages in Workout Prospector for such Mortgages once the data has been imported. The bulk upload file format specifications can be found on our secure web site, which you can access by visiting our HAMP web site at http://www.freddiemac.com/singlefamily/service/mha_modification.html. Servicers may upload the data using either a text file format or a comma separated value (CSV) format.

Servicers must refer to new [Section C65.6\(g\)](#) for detailed information on the use of Workout Prospector.

Time line for using Workout Prospector

Activity	Effective Date
New Evaluations	<p>November 1, 2009</p> <ul style="list-style-type: none"> ■ Mortgages for which the Servicer begins a new evaluation for HAMP on and after this date and determines the Borrower meets the eligibility criteria specified in new Section C65.6(g), must be processed in Workout Prospector ■ Once a Servicer has begun the evaluation in Workout Prospector for HAMP, the Servicer must continue to use Workout Prospector to process the Mortgage through the various HAMP stages as well as for other alternatives to foreclosure in cases where the Borrower failed the Trial Period, did not qualify for HAMP or did not accept the terms of the Trial Period Plan or Modification Agreement
Modification Settlements	<ul style="list-style-type: none"> ■ Beginning November 2009, Servicers must enter the data and transmit the status for all Mortgages due for settlement no later than the 4th Business Day of the month in which the first modified payment is due. For example, Mortgages with a first modified payment due date of November 1, 2009 must be submitted to Workout Prospector in the applicable HAMP modification status (i.e., HAMP Modification – Ready for Settlement or HAMP Modification – Borrower Declined Terms) no later than November 5, 2009 ■ Mortgages with a first modified payment due date occurring prior to November 1, 2009 that have not already been closed must be entered into Workout Prospector no later than November 5, 2009
Existing Trial Period Pipeline	<p>November 1, 2009 through December 31, 2009</p> <p>All remaining Mortgages under an existing Trial Period Plan where the Trial Period offer was sent to the Borrower prior to November 1, 2009 must be submitted to Workout Prospector between these dates. (Servicers should not enter the data for such Mortgages prior to November 1, 2009.)</p>

Use of Workout Prospector to process other alternatives to foreclosure

Once the data for a Mortgage has been entered in Workout Prospector, Servicers must use Workout Prospector to structure other foreclosure alternatives as offered under the Guide (with the exception of short-term and long-term forbearance plans) whenever a modification under HAMP is not possible (i.e., the Borrower failed to comply with the terms of the Trial Period Plan, a modification solution could not be achieved, or the Borrower rejected the terms of the HAMP Trial Period Plan or Modification Agreement).

Servicers are not required but are strongly encouraged to use Workout Prospector to pre-screen other foreclosure alternatives as offered under the Guide for Mortgages where it was determined that the Borrower or the Mortgage are ineligible for HAMP (e.g., the subject property is a second home or Investment Property, or the Mortgage has an origination date after January 1, 2009).

Access to Workout Prospector and availability of Users' Guide

A secure User ID and password are required to access Workout Prospector. To obtain access to Workout Prospector or add additional users, Servicers must complete and submit the signup form provided on <http://www.freddiemac.com/service/msp/wp2order.html>.

A new Workout Prospector Users' Guide will soon be available on our secure web site at http://www.freddiemac.com/singlefamily/service/mha_modification.html. The users' guide will provide detailed instructions for transmitting and processing Mortgages under consideration for HAMP only.

Collateral values for Mortgages that are 31 or more days delinquent

In most cases, Workout Prospector will provide a property value for Mortgages that are delinquent. If a property value is available in Workout Prospector, then Servicers must use this value. If a property value is not available, Servicers must obtain the value in accordance with the requirements of [Section C65.6](#).

Effective **January 1, 2010**, the report of property values referred to in [Section C65.6\(e\)](#) will no longer be provided on FreddieMac.com.

Link to questions and answers on Government Monitoring Data

In [Bulletin 2009-13](#), we provided guidance regarding requirements related to the collection of Government Monitoring Data (including race, ethnicity and sex) on the HAMP Hardship Affidavit (Form 1122). We indicated that we would be publishing additional guidance in the future in the form of a question and answer document. This Bulletin provides Servicers with a link to specific requirements governing the collection and reporting of Government Monitoring Data as set forth in the *Supplemental Documentation - Frequently Asked Questions* published at https://www.HMPAdmin.com/portal/docs/hamp_servicer/hampfaq.pdf (see Section P of such FAQs). Although this document is directed to non-GSE Servicers that have entered into a Servicer Participation Agreement to participate in HAMP, Section P of these FAQs clarifies the requirements set forth in [Section C65.13\(b\)](#) and must be followed by Freddie Mac Servicers.

As a reminder, Freddie Mac Servicers are required to request information regarding the race, ethnicity and sex of any Borrower (including any co-Borrower) who seeks a modification under HAMP.

Special requirements for Mortgages with a second mortgage lien

Pursuant to Supplemental Directive 09-05, Treasury introduced the Second Lien Modification Program ("2MP"). We have added new Section C65.16 to incorporate new requirements for Freddie Mac Servicers relating to 2MP and to provide information regarding Borrower incentive compensation for second lien modifications under 2MP.

Changes to reporting activity to Freddie Mac

Freddie Mac is revising our requirements for the reporting of loan-level HAMP data to us by our Servicers to include the reporting to Freddie Mac of HAMP data that Servicers currently provide to the Program Administrator. In addition, we are retiring the Program Performance Reporting Spreadsheet that Servicers must submit on a weekly basis and instead requiring Servicers to send us summary-level data on solicitation activity.

Requirements for the reporting of loan-level HAMP data

Beginning **October 5, 2009**, Servicers must submit to Freddie Mac on a weekly basis **one data file for Freddie Mac Mortgages only that includes the three separate data file types that Servicers are required to send to the Program Administrator**. These data file types are identified as Exhibits A, B and C of Supplemental Directive 09-01. Servicers must email the data file to Freddie Mac at HMPModificationTracking@freddiemac.com by 12 p.m. Eastern Standard Time each Monday for the prior week's activity.

With respect to the **Exhibit A** data, Servicers must include the Exhibit A Trial Period setup data for all existing Trial Period Plans in the first data file they submit to Freddie Mac on **October 5, 2009**. Thereafter, Servicers should only include the setup data for new Trial Period starts in their weekly submission. In addition, Servicers must delete or suppress the following data fields from the file before it is sent to Freddie Mac:

- Borrower Last Name
- Borrower First Name
- Borrower SSN
- Co-Borrower Last Name
- Co-Borrower First Name
- Co-Borrower SSN
- Property - Street Address
- Property - City
- Property - State
- Property - Zip Code

A Servicer must report this data to Freddie Mac on a weekly basis, regardless of the frequency with which it provides the data to the Program Administrator.

Refer to <https://www.HMPAdmin.com/portal/index.html> for information on current HAMP Servicer reporting requirements, including the data set and file formats pursuant to each exhibit.

Summary-level data on solicitation activity

In addition, Servicers must include a weekly report of summary-level solicitation activity to Freddie Mac. This solicitation data is currently included in the Program Performance Reporting Spreadsheet that Servicers have been required to submit to Freddie Mac on a weekly basis. This solicitation data must be sent together with the loan-level HAMP data file described above and may be included in the body of the e-mail or as a separate attachment. The solicitation data that Servicers must provide is as follows:

Solicitation Letters	Description
# of eligible Borrowers identified	Number of Borrowers who, after initial screening, meet the requirements of HAMP, to whom a solicitation letter should be sent or has been sent. This is a cumulative total at the end of the week (i.e., population of "eligible Borrowers identified" changes weekly as Borrowers who had been identified as "eligible" are found to not qualify for HAMP and, as a result, are subtracted from the population and newly delinquent Borrowers who have met the initial screening are added weekly to the population).

Solicitation Letters	Description
# of Solicitation Letters sent	Number of Solicitation Letters sent to Borrowers (includes solicitation letters mailed or sent electronically). This is a weekly total.
# of Positive Responses to Solicitation Letters	Number of positive feedback responses received from Borrowers from the solicitation letters. This is a weekly total.

Servicers must refer to [Section C65.11\(a\)](#) for additional information on the timeframes and requirements for submitting this report.

While Servicers are required to begin providing the above data to Freddie Mac beginning **October 5, 2009**, they may begin to do so immediately. Once a Servicer begins providing the data file described above and the solicitation data, the Servicer will no longer be required to submit the Program Performance Reporting Spreadsheet.

We have updated [Section C65.11, HAMP Activity Reporting Requirements](#), to reflect these new requirements.

Recordation requirements

We have updated [Section C65.7, Modification Process](#), to provide further guidance around the time frame in which Servicers must send the HAMP Modification Agreement for recordation.

Revising the requirements around the capitalization and reimbursement of property inspection fees

We are revising the capitalization requirements in [Section C65.6](#) to indicate that property inspection fees may be capitalized to the unpaid principal balance (UPB) of the Mortgage if they are part of the secured indebtedness and as permitted under applicable law, subject to the reimbursable limits specified in [Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts](#).

Sections [C65.6](#), [C65.8](#) and instructions for [Form 1128, Loss Mitigation Transmittal Worksheet](#), have been updated to reflect this change.

Requirements for capitalizing expenses and delinquent amounts for modifications other than modifications under HAMP

[Section B65.23](#) has been revised to provide additional guidance with respect to expenses and delinquent amounts that may be collected from Borrowers in the form of a cash contribution in connection with modifications outside of HAMP, or capitalized to the UPB of the Mortgage as a part of the modification process.

Temporary HAMP waivers

The Program Administrator may post temporary waivers to HAMP requirements on <http://www.HMPAdmin.com>. We are updating the Guide to provide that Freddie Mac Servicers may utilize such waivers for Mortgages they service for Freddie Mac, but in doing so, Servicers must comply with the terms of such waivers.

REMINDERS

Changes to HAMP documents

As announced to Servicers in our August 17, 2009 Single-Family Advisory e-mail, the HAMP Hardship Affidavit, Trial Period Plan and Modification Agreement, have been revised and posted to our web site. The revised documents (i) allow more flexibility to cover a wider range of special loan document features, thus reducing the number of authorized changes; (ii) provide more detail regarding certain terms and conditions, and (iii) obtain expanded consent to share personal and financial first lien modification data. The revised documents should be adopted as soon as possible, but not later than **September 30, 2009**. Servicers that continue to use the earlier versions of the Trial Period Plan and Modification Agreement prior to the **September 30, 2009** deadline must make the authorized changes required for those documents.

Freddie Mac is also posting Authorized Changes to the HAMP Trial Period Plan and Modification Agreement to its web site. Therefore, we have updated the Guide to delete the specific instructions with respect to authorized changes from [Section C65.7\(d\)](#). Instead, Servicers must now refer to Freddie Mac's Uniform Instruments web site at <http://www.freddiemac.com/uniform/> for information regarding required or permitted changes and for instructions on how to make such changes.

[Sections C65.2, Documentation](#), and [Section C65.7](#) have been revised to reflect this change.

Electronic Default Reporting requirements

As announced in [Bulletin 2009-13](#), beginning **October 1, 2009**, for the reporting of September EDR data, Servicers must report, as applicable, new default codes via EDR. Some of the new codes are specific to the Home Affordable Modification Program, while others apply to all Mortgages for which the Servicer is pursuing an alternative to foreclosure, including current Mortgages. For more information about these new EDR codes, please refer to [Section C65.7](#) and [Section C65.11](#), and the [EDR Quick Reference Guide posted on the Freddie Mac Learning Center](#).

As previously communicated, Freddie Mac is revising its EDR file formats to expand the number of default action codes that a Servicer is able to report on a Mortgage in a single transaction from five (5) to 15. Until the new file format is implemented, Servicers may either transmit multiple files to report more than five (5) default action codes or manually report them through MIDANET®.

Electronic Default Reporting file format changes

As noted above, in order to facilitate the reporting of additional default action codes, we announced on **July 7, 2009** in an email to Servicers that we were increasing the number of default action codes that a Servicer is able to report on a Mortgage in a single transaction from 5 to 15. MIDANET, EDR for electronic transmissions, and electronic data interchange (EDI) file formats will be impacted by this enhancement.

Specification Bulletins were distributed to Servicers and service bureaus that provided file format information for the various formats. Servicers' systems must be updated to support the new file formats beginning **October 26, 2009**.

For Servicers that import EDR data into MIDANET, see additional information in the section below titled [Requirements for MIDANET Users](#).

The EDR Specification Bulletins can be found at:

- [EDR MIDANET Data Format](#)
- [EDR File Format for Electronic Transmissions](#)
- [EDR EDI Format](#)

Loan-level reporting changes

As we also announced on July 7, 2009, we are making changes to our file format for loan-level investor reporting to incorporate additional data on Mortgages modified under HAMP and other Mortgages with a partial principal forbearance. Servicers must update their systems to incorporate the new file format in order to report values for the following new data fields in their monthly loan-level reporting beginning **December 14, 2009**:

Data Field	Definition
Required for all Mortgages with a partial principal forbearance (deferred principal):	
Interest-Bearing UPB	Servicers must report the amount of the interest-bearing UPB as of the accounting cycle cutoff
Deferred UPB	Servicers must report the amount of the deferred (non-interest-bearing) UPB as of the accounting cycle cutoff
Deferred Principal Curtailment Amount	Servicers must report the amount of any curtailment applied to the deferred UPB during the accounting cycle
Required for all Mortgages modified under HAMP, when applicable:	
Borrower Incentive Curtailment Amount	Servicers must report the amount of any Borrower incentive payments applied to the (interest-bearing) UPB during the accounting cycle

In addition, we are revising the requirements for reporting the current UPB for Mortgages with a partial principal forbearance. For such Mortgages, the current UPB must equal the sum of the interest-bearing UPB and the deferred UPB.

For Servicers that import data directly into MIDANET, see additional information in the section below titled [Requirements for MIDANET Users](#).

The Investor Reporting Specification Bulletins can be found at:

- [Investor Reporting EDI Format \(version 3050\)](#)
- [Investor Reporting EDI Format \(version 4030\)](#)
- [MIDANET Loan-Level Monthly Reporting Data Format](#)

These new loan-level reporting requirements for Mortgages with a partial principal forbearance will replace the spreadsheet and Form 315, *Exception Activity Report*, that Servicers are required to send to us for such Mortgages.

[Section C65.10](#) and [Exhibit 60, Loan-Level Reporting Data Description](#), have been updated to reflect these changes.

Requirements for MIDANET Users

Servicers must use the new file formats for EDR and loan-level reporting once the changes are implemented. Servicers that import data directly into MIDANET must either update their systems in order to import this data or they will need to manually enter the data into the appropriate MIDANET screens.

Regardless of whether Servicers import or manually enter the data into MIDANET, they must be using the most current version of MIDANET available at that time or they will be unable to communicate with Freddie Mac via MIDANET.

Servicers are advised to update their system if they are not using version **98-03-51** as of **October 1, 2009**.

To determine the version of MIDANET you are currently using, you must:

- Select options 5-1-1 from the main menu
- Select option one: Utilities
- Select option one: View system configuration
- Refer to the six numbers that follow “Release”

If you are not on the current version, then you must go to the Communications menu of MIDANET and hit “receive” which will prompt Freddie Mac to transmit the next version of MIDANET to you. Servicers that are several versions behind must repeat this process until they have received the most current version of MIDANET.

If a Servicer is not on the current version of MIDANET as of the dates the new file formats are implemented, they will be unable to communicate with and report to Freddie Mac.

CONCLUSION

Freddie Mac remains focused on assisting troubled Borrowers with Freddie Mac-owned Mortgages avoid preventable foreclosure. The changes announced in this Bulletin are part of our ongoing efforts to promote sustainable homeownership and stabilize communities and neighborhoods across the nation.

If after reviewing this Bulletin you have any questions about HAMP or Freddie Mac’s role in the program, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,



Patricia J. McClung
Vice President
Offerings Management