

Bulletin

NUMBER: 2009-8

TO: All Freddie Mac Servicers

April 7, 2009

SUBJECTS

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are providing reminders to Servicers with respect to certain Home Affordable Modification Program (“Program”) requirements and announcing the following changes to Program requirements:

- Revising the [eligibility requirements](#) to include a requirement that the Borrower must currently have a monthly housing expense-to-income ratio greater than 31% to be eligible for the Program
- Announcing the following:
 - The name of [Form 3156, Home Affordable Modification Program – Workout Plan](#) (“Workout Plan”), has been changed to *Home Affordable Modification Program – Trial Period Plan, 3/09* (rev. 3/09) (“Trial Period Plan”)
 - [Authorized changes](#) that must be made to the Trial Period Plan, when applicable
- Revising the requirements for [co-branding and the use of the Making Home Affordable logo](#)
- Introducing the [Borrower Qualification Worksheet](#), which may now be used by Servicers to determine the Trial Period payment for a Borrower who is 31 days or more delinquent
- Revising the [fax number](#) for Servicers to use when referring a Mortgage to Freddie Mac for evaluation when the Target Payment cannot be achieved

REMINDERS FOR SERVICERS

Proactive solicitation

We are reminding Servicers that [Guide Section C65.5](#) requires Servicers to solicit all Borrowers who are 31 days or more delinquent for a modification under the Program, provided the eligibility criteria specified in [Guide Chapter C65](#) are met. If Servicers have not already begun proactive solicitation of eligible delinquent Borrowers, it is our expectation that they will begin such solicitation efforts no later than **April 15, 2009**.

We are also reminding Servicers that they may not solicit a Borrower whose Mortgage is current or less than 31 days delinquent for a modification under the Program; such a Borrower must first be considered for the Freddie Mac Relief Refinance MortgageSM (refer to [Chapter A24](#)).

Program activity reporting requirements

We are reminding Servicers that they must track certain key program activity data and submit that data to us on a weekly basis in a spreadsheet developed for this purpose. Servicers must submit the spreadsheet to Freddie Mac at **HMPModificationTracking@freddiemac.com** by 12 p.m. Eastern Standard Time each Monday for the prior week's activity.

In a month when the last Business Day of the month falls on a day other than a Friday, the Servicer must provide two updates for the previous week. [Section C65.11](#) provides additional information regarding these requirements and the availability of the spreadsheet template.

SERVICING REQUIREMENTS

Program eligibility requirements

[Section C65.4](#) sets forth the eligibility requirements for a modification under the Program. With this Bulletin, we are revising those requirements to include a requirement that the Borrower must currently have a monthly housing expense-to-income ratio greater than 31% to be eligible for a modification under the Program.

As a result of this change, we are also revising Borrower underwriting requirements to reflect that a Mortgage may not be modified under the Program based on capitalization of arrearages only. Servicers may continue to consider Borrowers for modifications based on capitalization of arrearages only, as permitted under [Chapter B65](#) and other agreements between Freddie Mac and the Servicer.

[Sections C65.4](#) and [C65.6](#) will be updated with a future Bulletin to reflect these changes.

Program documentation

With this Bulletin, we are announcing that the name of Form 3156, *Home Affordable Modification Program – Workout Plan* (“Workout Plan”), has been changed to *Home Affordable Modification Program – Trial Period Plan*, 3/09 (rev. 3/09) (“Trial Period Plan”).

In addition to being available with the other Program documents on our secure web site at http://www.freddiemac.com/singlefamily/service/mha_modification.html, the Trial Period Plan has also been posted on the Freddie Mac Uniform Instrument web site (<http://www.freddiemac.com/uniform/>) with our other Special Purpose Instruments.

The Guide will be updated with a future Bulletin to incorporate this change. Until this change is made, all Guide references and requirements related to the Workout Plan are applicable to the Trial Period Plan.

Authorized changes

[Section C65.7\(e\)](#) sets forth the authorized changes for the Trial Period Plan and the Modification Agreement. With this Bulletin, for the Trial Period Plan we are providing the set of authorized changes and exact wording of the change that must be made to the Trial Period Plan, when applicable. The following authorized changes replace those in [Section C65.7\(e\)](#) for the Trial Period Plan:

- The Servicer must revise the Trial Period Plan as necessary to comply with applicable federal, State and local law
- If the Borrower previously received a Chapter 7 bankruptcy discharge but did not reaffirm the mortgage debt under applicable law, the Servicer must add the following Borrower representation as paragraph G in Section 1:

I was discharged in a Chapter 7 bankruptcy proceeding subsequent to the execution of the Loan Documents. Based on this representation, Lender agrees that I will not have personal liability on the debt pursuant to this Plan.

- If the Loan Documents contain a provision that allows the Note and Mortgage to be assumed by a transferee of an interest in the property, the Servicer must add the following sentence before the last sentence in Section 3:

The Modification Agreement will provide that, as of the Modification Effective Date, a buyer or transferee of the Property will not be permitted, under any circumstance, to assume the loan.

- If the Servicer is required to obtain one or more subordination agreements or a title policy endorsement to ensure that the modified mortgage loan retains its first lien position and is fully enforceable, the Servicer must add the following sentence to the end of paragraph G in Section 2:

I understand and agree that the Lender will not be obligated or bound to make any modification of the Loan Documents or to execute the Modification Agreement if the Lender has not received an acceptable title endorsement or subordination agreements from other lienholders, as necessary, to ensure that the modified mortgage loan retains its first lien position and is fully enforceable.

- If under applicable law, a Servicer may not establish an escrow account, the Servicer must delete paragraph C in Section 4 of the Trial Period Plan and replace it with “Intentionally Deleted” as follows:

C. Intentionally Deleted

[Section C65.7\(e\)](#) will be updated with a future Bulletin to incorporate these changes and to provide additional instructions with respect to authorized changes for the Modification Agreement.

Mortgages with temporary subsidy buydowns – authorized change deleted

In addition, the [Section C65.7\(e\)](#) provision that previously required a change to the Trial Period Plan regarding Mortgages with temporary subsidy buydowns is being deleted. If a Borrower has a temporary subsidy buydown arrangement, the subsidy buydown funds should be applied in accordance with the terms of the subsidy buydown fund agreement. With a future Bulletin we will also update [Section C65.8\(d\)](#) with respect to the application of subsidy buydown funds upon successful completion of the Trial Period.

Co-branding and use of Freddie Mac’s logo and the Making Home Affordable logo

[Section C65.2](#) provides the requirements for co-branding and the use of Freddie Mac’s logo in connection with Program letters, envelopes and packages. With this Bulletin, we are revising those requirements to also provide for co-branding and the use of the Making Home Affordable logo, which may be downloaded from the Freddie Mac web site at

http://www.freddiemac.com/singlefamily/service/mha_modification.html. Servicers may use the Making Home Affordable logo by itself, together with the Servicer's logo, or together with the Servicer’s and Freddie Mac logos on envelopes and packages used to send the Home Affordable Modification Program materials to Borrowers. The Servicer's name and return address must be shown on any solicitation materials sent to Borrowers.

Refer to [Section C65.2](#) and the Terms of Use (also available on our web site) for additional information on the use of both the Freddie Mac logo and the Making Home Affordable logo. [Section C65.2](#) will be updated with a future Bulletin to reflect this change.

Borrower Qualification Worksheet

Borrowers who are 31 days or more delinquent

In [Bulletin 2009-6 \(Home Affordable Modification Program\)](#), we announced that we would be developing a Borrower Qualification Worksheet (“Worksheet”) that Servicers must use to qualify Borrowers under the Program, calculate the target monthly mortgage payment and identify the modification terms under the Program. With this Bulletin we are announcing that the Worksheet is now available for use with Borrowers who are 31 days or more delinquent. Servicers may, but at this time are not required to, use the Worksheet to determine the Trial Period payment for such Borrowers and whether the Borrower is eligible for those terms.

The Worksheet is available on our secure web site at http://www.freddiemac.com/singlefamily/service/mha_modification.html. Servicers may use this Worksheet, subject to the requirements of the Guide (as if the Worksheet was included in [Exhibit 88, Servicing Tools](#)), to assist them in calculating the Affordable Payment and to identify the viable modification scenarios under the Program. We are also reminding Servicers that they are responsible for the accuracy of all data entered into the Worksheet and ensuring that all data is entered accurately.

Servicers must use their Mortgage Servicing Products ID to access the secure web page. Servicers that do not have an ID may request one by submitting the Servicing Applications Sign Up Form available on our web site.

We have also prepared and made available on our web site the *Borrower Qualification Worksheet Users’ Guide* to assist Servicers in using the Worksheet.

Borrowers who are current or less than 31 days delinquent

At this time, the Worksheet is not designed to determine whether a Borrower who is current or less than 31 days delinquent qualifies for a modification under the Program. We will be providing additional guidance for Servicers in a future Bulletin with respect to the criteria for determining whether such Borrowers are eligible for a modification under the Program.

New fax number

[Section C65.6\(b\)](#) instructs Servicers that if a Target Payment cannot be achieved using the sequential steps described in that section, the Servicer must refer the Mortgage to Freddie Mac for evaluation. We are revising the fax number to which the documentation described in [Section C65.6\(b\)](#) must be sent. The new fax number is (571) 382-4902.

[Section C65.6\(b\)](#) will be updated with a future Bulletin to reflect this change.

CONCLUSION

Freddie Mac remains focused on assisting troubled Borrowers with Freddie Mac-owned Mortgages avoid preventable foreclosure. The changes announced in this Bulletin support 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 the Program 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