

# Bulletin

NUMBER: 2010-3

TO: All Freddie Mac Servicers

February 4, 2010

**SUBJECT: HOME AFFORDABLE MODIFICATION PROGRAM (“HAMP”) [SUPPLEMENTAL DIRECTIVE 10-01](#)**

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are providing additional guidance with respect to U.S. Department of the Treasury (“Treasury”) HAMP [Supplemental Directive 10-01](#) (*Program Update and Resolution of Active Trial Modifications*) (SD 10-01).

## Program Update

The program changes announced in SD 10-01 include the following:

- A HAMP change that eliminates stated income Trial Period Plans and requires **full verification** of Borrower eligibility after the Servicer receives the “Initial Package,” which includes the following documentation:
  - Request for Modification and Affidavit (RMA)
  - IRS Form 4506-T, *Request for Transcript of Tax Return*, or 4506T-EZ, *Short Form Request for Individual Tax Return Transcript*
  - Evidence of Income, as described in the section titled *Borrower Income/Asset Documentation and Verification of Eligibility* in SD 10-01
- Servicer timelines for acknowledgement and review of the documents included in the “Initial Package” and Borrower response timelines

These new program requirements apply for all HAMP Trial Period Plans **with effective dates on or after June 1, 2010**. This includes Trial Period Plans **sent** to Borrowers on or after April 16, 2010. Freddie Mac Servicers are strongly encouraged to transition to a verified income process as soon as possible.

We recommend new evaluations, inclusive of the net present value (NPV) evaluation, conducted on or after April 1, 2010, be based on full verification of Borrower eligibility.

## Resolution of Active Trial Modifications

In addition, SD 10-01 provides further guidance to assist Servicers in making final HAMP eligibility determinations for Borrowers who are in active Trial Periods, in addition to Trial Periods commenced on or before May 1, 2010, based on stated information.

## Important Freddie Mac Requirements Regarding Supplemental Directive 10-01

Freddie Mac Servicers must comply with [SD 10-01](#), except for the following Freddie Mac requirements, under which Servicers must:

- Rerun the NPV test in accordance with the requirements set forth in Guide Section C65.6, as amended by [Bulletin 2009-26](#)
  - If the Servicer conducted the initial HAMP evaluation on or after December 1, 2009, the Servicer must comply with the requirements set forth in [Bulletin 2009-26](#), including those under the

[Bulletin 2009-26](#) section titled *Determining when to run the Treasury NPV Model*, which requires Servicers to reevaluate any Borrower who started a Trial Period with stated income and, rerun the NPV test if the Borrower's verified income is **different** than the stated income.

- ❑ If a Servicer conducted the initial HAMP evaluation before December 1, 2009, the Servicer must comply with the NPV requirements set forth in Guide Section C65.6, which requires the Servicer to reevaluate any Borrower who started a Trial Period with stated income, and rerun the NPV test if the Borrower's verified income is **less** than the stated income.
- Forbear principal in accordance with SD 10-01, even when the NPV result is less than zero
  - ❑ If the Servicer conducted the initial HAMP evaluation on or after December 1, 2009, the NPV result may not be less than Freddie Mac's minimum NPV threshold of negative \$5,000
- Follow the imminent default requirements that were announced in [Bulletin 2010-1](#), which include:
  - ❑ Offering Borrowers who are first determined to be in imminent default a Trial Period Plan, if eligible, based on **full verification** of Borrower eligibility beginning **March 1, 2010**
  - ❑ Restrictions with respect to the use of unemployment income and the requirement to document all passive and non-wage income when evaluating a Borrower for imminent default
  - ❑ Evaluations of imminent default based solely on Borrower income (e.g., non-obligor household income may not be used when determining imminent default)
- Compare tax information from the Borrower's tax return or tax transcript against the Borrower's disclosed income and other income documentation and use good business judgment to determine whether any discrepancies exist. If the Servicer determines that discrepancies relevant to the HAMP decision exist, the Servicer must reconcile the discrepancies through additional documentation from the Borrower to validate the Borrower's current gross monthly income.

Further, SD 10-01 references previously announced Supplemental Directives 09-01, 09-07, 09-08, 09-09, and 09-10. Freddie Mac Servicers must follow the requirements set forth in Chapter C65, as amended by [Bulletin 2009-26](#), [Bulletin 2009-28](#), and [Bulletin 2010-1](#), rather than the requirements set forth in the earlier Supplemental Directives referenced in SD 10-01.

## GUIDE REVISIONS

Chapter C65 and other applicable Guide sections will be updated in a future Bulletin to reflect these changes.

### For more information

- Review [Supplemental Directive 10-01](#) and [Supplemental Directive 09-10](#).
- Visit [Freddie Mac's Home Affordable Modification Program web site](#).
- Review information for Borrowers about the federal [Making Home Affordable program](#) on the Treasury's web site.

## CONCLUSION

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,



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