

Bulletin

NUMBER: 2010-14

TO: Freddie Mac Servicers

June 18, 2010

SUBJECT: AMENDMENT TO FREDDIE MAC'S HAMP BACKUP MODIFICATION REQUIREMENTS

Introduction

In *Single-Family Seller/Servicer Guide* (“Guide”) [Bulletin 2010-11](#), we introduced the Freddie Mac HAMP Backup Modification (“HAMP Backup Modification”), an alternative solution to support Borrowers who were initially eligible for a Home Affordable Modification Program (HAMP) Trial Period Plan based on stated income but have subsequently been determined to be ineligible for a HAMP modification. We also announced a Cap-to-Reinstate modification option for Borrowers ineligible for a HAMP Backup Modification.

With this Guide Bulletin, we are revising certain eligibility, solicitation and reporting requirements for HAMP Backup Modifications. We are also revising the settlement timeline to submit a HAMP Backup Modification and Cap-to-Reinstate modification to Freddie Mac.

Servicers must comply with all requirements in [Bulletin 2010-11](#) except as set forth below.

Eligibility requirements

The HAMP Backup Modification option applies to all active stated income HAMP Trial Period Plans with a Trial Period Plan Effective Date on or before **May 1, 2010** (previously April 1, 2010).

Borrowers with HAMP Trial Period Plans reported as canceled prior to April 1, 2010 are ineligible. Borrowers with Trial Period Plans canceled on or after April 1, 2010 are eligible, provided the Trial Period Plan was canceled for one of the following reasons:

- The Borrower’s monthly housing expense-to-income ratio, based on verified income documentation, was less than 31%
- A HAMP Target Payment that is as close as possible to, but not less than, 31% of the Borrower’s gross monthly verified income could not be reached using the HAMP modification waterfall without violating the net present value requirement or principal forbearance limits; or
- The Borrower failed to provide all income documentation required for a HAMP modification

For HAMP Trial Period Plans canceled on or after **April 1, 2010** where the Borrower has not continued to make all payments after receipt of the HAMP Borrower Notice (Notice of Non-Approval), Servicers must attempt to collect from the Borrower all of the payments not received since the Trial Period Plan was canceled. Borrowers who are unable to submit **ALL** post-Trial Period payments will not be eligible for a HAMP Backup Modification.

However, if the Servicer elects to add an interim month when preparing Form 1151, *Freddie Mac HAMP Backup Modification Agreement*, because the Borrower remitted his or her payment after the first of the month, the Borrower is not required to remit a payment for this interim month. In the event the Borrower does not remit a payment for the interim month, the Servicer must capitalize the interest portion of the missed interim month payment together with all other approved amounts that may be capitalized.

HAMP Backup Modifications and Cap-to-Reinstate modifications must have a first modified payment due date on or before **September 1, 2010** (previously August 1, 2010). Servicers must submit to Freddie Mac all information and documentation required to close the modification in Freddie Mac's systems no later than the fourth Business Day of the month in which the first modified payment is due.

HAMP Backup Modification offer

If a Borrower has made three HAMP Trial Period payments by the date of this Bulletin and otherwise meets the HAMP Backup Modification eligibility requirements, Servicers must cancel the HAMP Trial Period Plan and evaluate the Borrower for a HAMP Backup Modification. The Servicer must send an eligible Borrower a HAMP Backup Modification offer, including two original HAMP Backup Modification Agreements, **no later than 30 calendar days from the date of this Bulletin**. This change provides Servicers an additional 30 calendar days beyond the date required under [Bulletin 2010-11](#) to evaluate such Borrowers and send HAMP Backup Modification offers.

If a Borrower has not yet made three HAMP Trial Period payments by the date of this Bulletin, but otherwise meets the HAMP Backup Modification eligibility requirements, Servicers must send an eligible Borrower the HAMP Backup Modification offer within 10 Business Days of the Servicer's determination that the Borrower is not eligible for a HAMP modification. The Servicer may, in its discretion, include two original HAMP Backup Modification Agreements with the offer.

Restrictions on modification due to false or misleading information

The Servicer must not modify a Mortgage if there is reasonable evidence indicating the Borrower submitted false or misleading information or otherwise engaged in fraud in connection with the modification. The Servicer must use good business judgment in determining whether the evidence is reasonably indicative of a Borrower's intentional misrepresentation or submission of false or misleading information.

Reporting requirements

Servicers must provide to Freddie Mac a report containing all Mortgages that were in an active HAMP Trial Period Plan with a Trial Period Plan Effective Date on or before **May 1, 2010** (previously April 1, 2010), which the Servicer determined to be ineligible for a HAMP modification, and is considering for or has processed as a HAMP Backup Modification. The template for the report is available on our web site at http://www.freddiemac.com/singlefamily/service/hampbackup_mod.html.

Servicers must submit this report to WKOUT_HAMP_RECON@freddiemac.com no later than the fourth Business Day of each month.

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 you have any questions after reviewing this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE and select “Servicing” from the menu.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia J. McClung". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Patricia J. McClung
Vice President
Offerings Management