

# Bulletin

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NUMBER: 2012-10

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TO: Freddie Mac Servicers

April 23, 2012

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## SUBJECTS

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are making the following updates to our **Servicing** requirements:

### State Housing Finance Agencies (“HFAs”) mortgage assistance programs

- Providing requirements for Servicer participation in transition assistance programs offered by HFAs and funded by Treasury’s Innovation Fund for the Hardest Hit Housing Markets or Hardest Hit Fund (“HHF”)
- Consolidating all requirements related to Servicer participation in HFA mortgage assistance programs into new Guide Section 64.12, *Hardest Hit Fund*

### Freddie Mac Standard Modification interest rate

- Requiring Servicers to refer to our web site at: <http://www.freddiemac.com/singlefamily/service/standardmodrate.html> for the interest rate that Servicers must use to calculate the terms of the Trial Period Plan and the modification
- Adjusting the interest rate required to calculate the terms of the Trial Period Plan and the modification

### HAMP and HAFA initiative

- Extending our Home Affordable Modification Program (HAMP) and Home Affordable Foreclosure Alternatives (HAFA) initiative through December 31, 2013
- Revising our HAMP eligibility requirements for a permanent modification to exclude Mortgages subject to full recourse or indemnification agreements

### Additional Guide updates

In addition, we are:

- Correcting an e-mail address in Directory 5
- Revising Guide Form 105, *Multipurpose Loan Servicing Transmittal*, to make the form fillable

## EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately, unless otherwise noted.

## HFAs MORTGAGE ASSISTANCE PROGRAMS

### Transition assistance programs

**Effective immediately**, for Freddie Mac-owned or guaranteed Mortgages, Servicers must participate in HHF transition assistance programs offered by HFAs to assist Borrowers in completing a short sale or deed-in-lieu of foreclosure (DIL) transaction and/or assist with relocation expenses, provided that HFA program parameters do not conflict with Freddie Mac's short payoff (also known as short sale), DIL or other requirements. Servicers must also continue to comply with the general requirements outlined for all HHF programs as referenced in Section 64.12(a).

If HHF funds will be applied to subordinate lien balances, such funds must be applied prior to application of amounts Freddie Mac permits to be paid on subordinate lien balances pursuant to the Guide and the Servicer's other Purchase Documents, as applicable. Further, the HFA may provide payments to subordinate lien holders that equal or exceed the maximum amount Freddie Mac permits to be paid to subordinate lien holders; however, in such cases, the Servicer **must not** apply any Freddie Mac funds to subordinate lien balances. If total HFA funds applied to subordinate lien balances are less than the maximum amount Freddie Mac permits to be paid to a subordinate lien holder, the Servicer may apply Freddie Mac funds toward the difference up to the maximum amount permitted by Freddie Mac requirements.

A Borrower who receives HHF funds to assist with relocation expenses (e.g., moving costs, deposits, etc.) may also receive any similar payment permitted by Freddie Mac requirements, if eligible.

In addition to reporting a short sale or DIL in accordance with Chapters B65, *Workout Options*, and D65, *Home Affordable Foreclosure Alternatives*, Servicers must report a list of all Mortgages for which transition assistance was provided for the prior month by sending the *Spreadsheet for Hardest Hit Fund Mortgages* to [Hardest\\_Hit@freddiemac.com](mailto:Hardest_Hit@freddiemac.com) by the fifth Business Day of every month. An updated template of the spreadsheet is available at [www.FreddieMac.com/singlefamily/service/hfa\\_relief.html](http://www.FreddieMac.com/singlefamily/service/hfa_relief.html).

Servicers must also continue to send the spreadsheet for all Mortgages receiving assistance through other HFA programs referenced in Section 64.12.

### Consolidated HFA mortgage assistance requirements

In Bulletins 2010-25, 2011-5 and 2011-24, we provided requirements for Servicer interaction with HFAs in connection with mortgage assistance programs. For ease of reference, we have consolidated all HHF-related requirements, including the requirements pertaining to a Servicer's participation in transition assistance programs announced in this Bulletin, into Section 64.12.

Additionally, in connection with all HFA mortgage assistance programs, we would like to remind Servicers that when communicating the postponement request for a pending foreclosure sale to foreclosure counsel, the Servicer must identify the reason for the postponement (i.e., HFA mortgage assistance). Further, if the initial 45 day postponement must be extended, Servicers must continue to communicate with foreclosure counsel on a regular basis regarding the status of HFA assistance.

## STANDARD MODIFICATION INTEREST RATE

In Bulletin 2011-16 we provided requirements regarding determination of terms for the Standard Modification, including setting the interest rate for the modified Mortgage to a rate which is determined by Freddie Mac in accordance with market conditions. Freddie Mac reserves the right to adjust the interest rate from time to time.

Beginning today, we will post the required interest rate on our web site at:

<http://www.freddiemac.com/singlefamily/service/standardmodrate.html>. Currently this rate is 5%.

Servicers must refer to this web page each time they evaluate a Borrower for a Standard Modification Trial Period Plan to ensure that they are using the most current interest rate in effect on that date.

Additionally, the interest rate that is used for the final modification must be the same interest rate used to evaluate the Borrower for a Trial Period Plan.

Freddie Mac will adjust the interest rate for new Trial Period Plan evaluations conducted on or after **July 1, 2012**. This new rate will be posted on our web page beginning June 1, 2012 to allow Servicers time to incorporate the new rate into their processes. Servicers are strongly encouraged to implement the new interest rate earlier than July 1, 2012 for new Trial Period Plan evaluations.

Section B65.18, *Determining the Terms of a Freddie Mac Standard Modification*, has been updated to reflect this change.

## **HAMP AND HAFA INITIATIVE**

### **HAMP and HAFA initiative extension**

On March 9, 2012, Treasury issued Supplemental Directive 12-02 ("Making Home Affordable Program – MHA Extension and Expansion") for servicers of non-Government Sponsored Enterprise (non-GSE) mortgages. Among other changes, the Supplemental Directive extended HAMP and HAFA through December 31, 2013. The Supplemental Directive also revised the requirements that must be met by the program expiration date in order for a borrower to be eligible to be evaluated for the respective programs.

With this Bulletin, we are extending our HAMP and HAFA requirements through December 31, 2013 for all Freddie Mac-owned or guaranteed Mortgages. We will announce additional details related to this extension and update applicable Guide chapters to reflect the changes in a future Bulletin.

### **HAMP eligibility – Mortgages subject to recourse exclusion**

#### **Effective for new Borrower evaluations for HAMP on and after July 1, 2012**

We are revising our HAMP eligibility requirements for a permanent modification to exclude Mortgages subject to full recourse or indemnification agreements, effective for new Borrower evaluations on or after July 1, 2012.

We encourage Servicers to consider such Mortgages for the non-GSE HAMP. In the event the Borrower is ineligible for the non-GSE HAMP program or the Servicer is not participating in Treasury's non-GSE HAMP program, we encourage the Servicer to consider the Borrower for its proprietary modification program. When considering a Borrower for either the non-GSE HAMP or its proprietary modification program, the Servicer must ensure that:

- The Borrower is either (i) 60 or more days delinquent or (ii) in imminent default under Freddie Mac's imminent default requirements; and
- The Borrower is eligible for a non-GSE HAMP trial period plan or the Servicer's proprietary modification

If a Servicer enters into a non-GSE HAMP trial period plan or otherwise will enter into a proprietary modification, the Servicer must repurchase the Mortgage in accordance with Chapter 72, *Repurchases*, prior to the first modified payment due date.

Servicers may refer to Section 11.10, *Election to Sell with or without Recourse*, for additional information with respect to Mortgages with recourse.

Sections C65.4 and C65.8, *Other General Requirements*, have been revised to reflect this change.

## **ADDITIONAL GUIDE UPDATES**

### **Directory 5**

We have updated Directory 5 to correct the e-mail address for the submission of liquidation documents that are provided in Section B65.41(a).

## Form 105

We have revised Form 105 to make it a fillable form for Servicer convenience.

## UPDATED FORMS 16SF AND 1107SF

### Effective April 23, 2012

As announced in Bulletin 2012-8, we have revised Forms 16SF and 1107SF. Form 16SF has been amended to require that Sellers provide new organizational level information to Freddie Mac about their Warehouse Lending agreements and facilities. Form 1107SF has been updated to clarify that Sellers must submit this form whenever there is a change in one of their Warehouse Lender agreements or facilities, such as a new agreement or cancellation or termination of an agreement.

As a reminder, Seller/Servicers may link to Form 16SF through AllRegs<sup>®</sup> and may also access a printable version of Form 16SF with instructions on our web site at:

<http://www.freddiemac.com/sell/forms/index.html>.

Form 1107SF, with instructions, is available on AllRegs and on our web site at:

<http://www.freddiemac.com/sell/forms/index.html>.

Forms 16SF and 1107SF will be updated online on April 23, 2012.

## REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 64, B65 and C65
- Form 105
- Directory 5

## CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE and select "Servicing."

Sincerely,



Tracy Hagen Mooney  
Senior Vice President  
Single-Family Servicing and REO