

Bulletin

NUMBER: 2013-7

TO: Freddie Mac Servicers

May 13, 2013

SUBJECT: UPDATES TO MODIFICATION REQUIREMENTS

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are permitting Servicers to immediately begin offering the Freddie Mac Streamlined Modification (“Streamlined Modification”) to all eligible Borrowers. This revision will provide Servicers with an additional option to assist Borrowers who have been impacted by Hurricane Sandy and are transitioning from the disaster-related forbearance period.

In addition, we are advising Servicers that Workout Prospector® will be available July 15, 2013 to process the terms of a Streamlined Modification. Prior to this date, Servicers must generate the terms of each Trial Period Plan using their own proprietary system or third-party system.

Finally, we are revising our property valuation requirements for modifications of Mortgages secured by Manufactured Homes and 2- to 4-unit properties, as well as eliminating the requirement that a property value be obtained for a long-term forbearance plan.

EFFECTIVE DATE

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

UPDATES TO THE STREAMLINED MODIFICATION EFFECTIVE DATE TO ASSIST BORROWERS IMPACTED BY HURRICANE SANDY

In Bulletin 2013-5, Freddie Mac announced its requirements for the new Streamlined Modification and required that Servicers offer this modification to eligible Borrowers beginning July 1, 2013. With this Bulletin, Freddie Mac is revising its requirements to permit Servicers to implement this modification option earlier than the mandatory effective date of July 1, 2013. Freddie Mac is making this change primarily to help Servicers achieve effective solutions for Delinquencies caused by Hurricane Sandy; however, this change applies to all eligible Borrowers. As a result, Guide Section *B65.12.1, Freddie Mac Streamlined Modification*, has been revised to eliminate the requirement that a Streamlined Modification Trial Period Plan must not have an effective date prior to August 1, 2013.

All other requirements previously announced in Bulletin 2013-5 remain unchanged, including the requirement that Servicers **must** begin offering a Streamlined Modification Trial Period Plan to Borrowers who are or become eligible on or after July 1, 2013. Servicers who offer the Streamlined Modification to Borrowers prior to July 1, 2013 and prior to Workout Prospector becoming available must generate the terms of the Trial Period Plan using their own proprietary systems or third-party systems.

Servicers are reminded that they must report the Streamlined Modification Trial Period Plan to Freddie Mac via Electronic Default Reporting (EDR) as described in Section B65.21, *Other Conditions and Requirements*.

WORKOUT PROSPECTOR

In Bulletin 2013-5, we indicated that we would communicate in a future Bulletin the date Workout Prospector will be available to process the terms of the Streamlined Modification. We are advising Servicers that Workout Prospector will be available **July 15, 2013**. Once Workout Prospector becomes available, Servicers must:

- Enter the data into Workout Prospector for all Streamlined Modification Trial Period Plans offered prior to July 15, 2013; and
- Use Workout Prospector for all Mortgages for which Borrowers are being evaluated for a Streamlined Modification Trial Period Plan in accordance with Section B65.18, *Determining the Terms of a Freddie Mac Standard Modification*

Servicers may use their own proprietary system or third-party system to generate the terms of the Trial Period Plan; however, the Freddie Mac data must be entered in its entirety into Workout Prospector in accordance with Section B65.18.

CHANGES TO PROPERTY VALUATION REQUIREMENTS

We are eliminating the requirement that a Broker's Price Opinion (BPO) with an interior inspection be obtained in connection with the modification of a Mortgage secured by a Manufactured Home or 2- to 4-unit property. Effective with new evaluations on or after the date of this Bulletin, the Servicer must order a BPO with an exterior inspection through BPOdirect® when evaluating such Mortgages for modification. However, Servicers are reminded that if the Mortgage is covered by mortgage insurance, the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI's requirements.

Sections 65.38, *When to Obtain a Property Value*, 65.39, *Obtaining a Property Value*, B65.16, *Property Valuation Requirements*, and C65.6, *Underwriting the Borrower*, have been updated to reflect this change.

BPOdirect will be updated in the near future to reflect these changes. Until BPOdirect is updated, Servicers must request a BPO with an exterior inspection for modifications of Mortgages secured by Manufactured Homes, 2- to 4-unit properties, dwellings on leasehold estates, and, if eligible under a Seller's negotiated Purchase Documents, Cooperative Share Mortgages by selecting "Loan Modification (single family and condo)."

In addition, we are eliminating the requirement in Section A65.24, *Long-Term Forbearance Requirements*, that the Servicer must obtain a property valuation when evaluating a Borrower for a long-term forbearance plan.

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,



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Senior Vice President
Single-Family Servicing and REO