

# Bulletin

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NUMBER: 2013-17

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TO: Freddie Mac Servicers

September 16, 2013

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## SUBJECTS

This *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin revises our **Servicing** requirements as follows:

- Increases certain State foreclosure time lines
- Announces the extension of the Freddie Mac Streamlined Modification (“Streamlined Modification”)
- Updates the Guide to reflect the extension of the Home Affordable Modification Program (HAMP). With the extension of HAMP, we are:
  - Revising our eligibility requirements for proposed HAMP modifications that are submitted through the Treasury Net Present Value (NPV) Model
  - Retiring the annual Servicer “Pay for Success” incentive

## EFFECTIVE DATE

The changes announced in this Bulletin are effective immediately unless otherwise noted.

## STATE FORECLOSURE TIME LINES

### Effective for all foreclosure sales completed on or after September 1, 2013

We have increased the State foreclosure time lines by 30 days in Nevada, New Mexico and Washington. Guide Exhibit 83, *Freddie Mac State Foreclosure Time Lines*, has been updated to reflect these changes.

## STREAMLINED MODIFICATION EXTENSION

Under the Servicing Alignment Initiative (SAI), we are extending the Streamlined Modification to enable Servicers to continue to assist seriously delinquent Borrowers in avoiding foreclosure. With this extension, all Streamlined Modification Trial Period Plans must have effective dates on or before **December 1, 2015**. Guide Section B65.12.1, *Freddie Mac Streamlined Modification*, has been updated to reflect this extension.

## HAMP

### Extension

On May 30, 2013, Treasury, the Federal Housing Finance Agency and Freddie Mac announced the extension of HAMP. As a result of this extension, Section C65.4, *Eligibility*, has been updated to require that all HAMP modifications have Trial Period Plan Effective Dates on or before **March 1, 2016** and Modification Effective Dates on or before **September 1, 2016**.

## **NPV requirements**

Effective for all proposed HAMP modifications submitted through the Treasury NPV Model on or after **January 1, 2014**, a Mortgage that meets all other HAMP eligibility criteria in Guide Chapter C65, *Home Affordable Modification Program*, will be eligible for HAMP if the Treasury NPV test result is positive. A test result is considered positive when the NPV is \$0 or greater. Sections C65.5.1, *Verification of Eligibility*, C65.6, *Underwriting the Borrower*, and C65.8, *Other General Requirements*, have been updated to reflect this change.

Servicers are reminded that if a Borrower is determined to be ineligible for a HAMP modification due to a negative NPV test result or any other eligibility criteria, the Servicer must consider that Borrower for other alternatives to foreclosure in accordance with the evaluation hierarchy provided in Section 64.6(a).

## **Retirement of annual Servicer “Pay for Success” incentive**

For HAMP-eligible Mortgages, Freddie Mac currently pays Servicers a “Pay for Success” incentive of up to \$1,000 a year for three years. This Bulletin retires the annual Servicer “Pay for Success” incentive. Servicers will no longer be eligible to receive a “Pay for Success” incentive for any HAMP modifications with Modification Effective Dates on or after **April 1, 2014**. Servicers will continue to receive “Pay for Success” incentives for modifications with Modification Effective Dates before April 1, 2014, subject to existing requirements.

Sections A65.26, *Unemployment Forbearance*, C65.4, C65.7, *Modification Process*, and C65.9, *HAMP Incentives*, have been updated to reflect this change.

## **Reminder: Borrower incentives for Mortgages that have been repurchased**

In Bulletin 2013-10, we announced that, with respect to repurchases of Mortgages modified under HAMP or in a HAMP Trial Period Plan, Servicers are required to cancel the related record in the HAMP Reporting Tool.

As a reminder, under Sections C65.8 and C65.9, Freddie Mac has the right to recover all losses, costs and damages on repurchased Mortgages, including, without limitation, previously-paid incentives.

Freddie Mac pays Servicers “Pay for Performance” incentives to be posted to a Borrower’s account only on eligible HAMP-modified Mortgages serviced on behalf of Freddie Mac. If a HAMP-modified Mortgage is repurchased, the Servicer takes all rights and obligations of the Mortgage, including the obligation to pay Borrower “Pay for Performance” incentives on eligible Mortgages as set forth in the HAMP Trial Period Plan. We have updated Sections C65.8 and C65.11, *HAMP Activity Reporting Requirements*, to reflect this existing Servicer obligation. Servicers must continue to comply with the Program Administrator’s instructions on reporting and cancellation of repurchased Mortgages in the HAMP Reporting Tool.

## **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