



TO: Freddie Mac Servicers

June 8, 2016 | 2016-10

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

Home Affordable Modification Program

- Revisions related to the [expiration of the Home Affordable Modification Program \(HAMP®\)](#)

Lender-Placed Insurance

- The extension of the mandatory effective date for [Lender-Placed Insurance \(LPI\) deductibles](#) for certain Servicers that use American Modern Insurance Group as their LPI provider

Reporting a short sale to the Internal Revenue Service

- The requirement for Servicers to use Internal Revenue Service (IRS) Form 1099-C when reporting a [cancellation of debt in connection with a short sale](#)

EFFECTIVE DATE

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

HOME AFFORDABLE MODIFICATION PROGRAM EXPIRATION

Treasury Supplemental Directives [16-02](#) and [16-03](#) updated certain requirements related to the expiration of HAMP. In response to those directives, we are revising our HAMP requirements as follows:

HAMP Requirements	
Category	Requirements
Borrower eligibility	A Borrower must submit a complete Borrower Response Package on or before December 30, 2016 in order to be evaluated for a HAMP modification.

HAMP Requirements	
Category	Requirements
Borrower solicitation	<p>As of September 1, 2016, Servicers are no longer required to, and on and after November 1, 2016, Servicers must not:</p> <ul style="list-style-type: none"> • Include Guide Form 710A in Borrower Solicitation Packages • Refer to HAMP or HAMP-related programs, except: <ul style="list-style-type: none"> ➢ As required under applicable law, such as for a Borrower's evaluation and denial of a mortgage modification Trial Period Plan ➢ With respect to an upcoming interest rate adjustment under HAMP • Refer to HAMP "Pay for Performance" incentives in written solicitation materials sent to Borrowers, except with regard to: <ul style="list-style-type: none"> ➢ Notifications of upcoming interest rate adjustments under HAMP ➢ Required notices to Borrowers pertaining to the HAMP Year Six Pay for Performance incentive <p>However, Servicers must retain references to the Homeowners HOPE™ Hotline (888-995-HOPE™) and, if requested by a Borrower, must provide all information necessary for the Borrower to apply for a HAMP modification.</p> <p>In addition, if a Borrower submits a complete Borrower Response Package on or before December 30, 2016 and the Servicer determines that the Borrower is eligible for HAMP, the Servicer must attempt to collect government monitoring data by mailing Form 710A to the Borrower, or via alternate communication with the Borrower (e.g., telephone contact).</p>
Servicer evaluation in connection with Freddie Mac Streamlined Modification Trial Period Plans and offers	<p>On or after December 31, 2016, the Servicer may, but is not required to, consider a Borrower who submitted a complete Borrower Response Package on or before December 30, 2016 for a HAMP modification, if the Borrower:</p> <ul style="list-style-type: none"> • Accepted a Streamlined Modification Trial Period Plan or • Received a Streamlined Modification offer but has yet to accept the offer and for which the acceptance period has not yet expired

HAMP Requirements	
Category	Requirements
HAMP Trial Period Plan offers	<p>On or after December 31, 2016, the Servicer must not offer a new HAMP Trial Period Plan to a Borrower who was performing under the terms of the previous HAMP Trial Period Plan prior to entering into:</p> <ul style="list-style-type: none"> • An unemployment forbearance plan, unless the complete Borrower Response Package used to evaluate the Borrower for a new Trial Period Plan was submitted on or before December 30, 2016 • A state Housing Finance Agency's unemployment mortgage assistance program unless the complete Borrower Response Package used to evaluate the Borrower for a new Trial Period Plan was submitted on or before December 30, 2016 • A disaster-related forbearance plan unless the original Borrower Response Package used to evaluate the Borrower for the original HAMP Trial Period Plan was submitted on or before December 30, 2016
Modification Effective Date	<p>All HAMP modifications must have a Modification Effective Date on or before December 1, 2017. Servicers may include a condition in the HAMP Trial Period Plan that the Borrower must meet all Trial Period Plan requirements no later than November 30, 2017 to be eligible for a HAMP Modification Agreement that takes effect on December 1, 2017.</p>

Guide impacts: Guide Sections 8404.6, 9102.5, 9205.2, 9205.4, 9206.3 and 9211.1

LENDER-PLACED INSURANCE DEDUCTIBLES

On February 22, 2016, American Modern Insurance Group, Inc. (AMIG) announced it was exiting the LPI business. For Servicers that will be unable to meet our new LPI deductible requirements under Section 8202.12 for policies effective by July 1, 2016 because of AMIG's exit, Freddie Mac has extended this effective date to LPI policies issued and renewing with an effective date on or after July 1, 2017. Impacted Servicers that use this extension must provide evidence of compliance to Freddie Mac upon request.

REPORTING A CANCELLATION OF DEBT IN CONNECTION WITH A SHORT SALE

Our previous short sale reporting requirements instructed Servicers to use IRS Form 1099-A when reporting a cancellation of debt in connection with a short sale. However, IRS 2016 instructions for filing IRS Forms 1099-A and 1099-C specify that short sales must be reported using IRS Form 1099-C. As a result, we are updating the Guide to require Servicers to use IRS Form 1099-C when reporting a cancellation of debt in connection with a short sale.

Guide impacts: Sections 8106.4, 8303.11 and 8601.10

CONCLUSION

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

Sincerely,

A handwritten signature in black ink, appearing to read "Yvette W. Gilmore", with a long horizontal flourish extending to the right.

Yvette W. Gilmore
Vice President
Servicer Performance Management