



# Freddie Mac Standard Modification

*A Mortgage Modification Solution to Help You Achieve a More Affordable Mortgage Payment*

Are you behind on your mortgage? If your mortgage is owned by Freddie Mac, you may be eligible for a mortgage modification option called the Freddie Mac Standard Modification — even if you are in bankruptcy or were unable to qualify for other loan modification programs, including the Home Affordable Modification program (HAMP). This option is available from the organization to which you make your monthly mortgage payments (called your mortgage Servicer).

## Are You Eligible?\*

You may be able to obtain a Standard Modification if:

- Your mortgage is owned by Freddie Mac (visit our Loan Look-up Tool to find out);
- You are behind on your mortgage payments by at least 60 days. Or, you will be unable to make your monthly payments going forward due to an eligible hardship that can be documented (unemployment and other temporary hardships are not eligible);
- You are ineligible for, or previously defaulted on, a Home Affordable Modification program (HAMP) loan modification or other type of loan modification;
- You have enough verifiable income to make a new, modified payment (unemployment benefits are not eligible);
- You have had your existing mortgage for at least 12 months; and
- The property is your primary residence, a second home, or an investment property.

*\*Your eligibility for a Freddie Mac Standard Modification is based on a number of factors, including those outlined here. Your Servicer (the organization to which you make your monthly mortgage payment) will determine your eligibility.*

## First Steps to Obtaining a Freddie Mac Standard Modification

- If you're late on your mortgage payment, you may receive calls and an information packet from your Servicer offering help.
- Complete the information packet forms and gather the materials it asks for, including information about your finances, the reasons for your financial hardship, your household expenses, and other similar information.
- You should send your completed package to your Servicer within 30 days.
- Your Servicer will evaluate your submitted income, debt, and hardship documentation as well as other information against eligibility criteria.
- If you're eligible for a Freddie Mac Standard Modification, your Servicer will offer you a three-month trial period where you pay an amount that is an estimate of your anticipated monthly modified payment.
- To successfully complete this trial period and receive a permanent modification, you will need to make the estimated modified monthly payments on time.
- Use our Lender Contact Log at <http://www.freddiemac.com/homeownership/worksheets/>. Keeping track of documents and decisions can help you and your Servicer work through the modification process.

## About the New Mortgage Payment

Your Servicer will apply the following steps to arrive at a new mortgage payment:

1. Add any outstanding payments, interest, and other amounts due to your existing mortgage balance (called "capitalizing arrearages").
2. Adjust your interest rate based on a rate provided by Freddie Mac that closely aligns with current market conditions.
3. Extend the term of your mortgage to 480 months (40 years).

If your current property's value is significantly less than your mortgage debt, your Servicer may, under certain circumstances, include principal forbearance as part of your modification. With forbearance, part of the principal balance of the mortgage will be set aside, and your principal and interest payment will be based on the lower, interest-bearing mortgage balance. Interest will not accrue on the principal part under forbearance. Also, the forbearance amount will become due at payoff of the interest-bearing unpaid principal balance or when the loan matures or upon transfer of the property.

### Additional Eligibility Requirements

In addition to meeting all other eligibility requirements, the Freddie Mac Standard Modification will be offered:

- Provided the modified principal and interest mortgage payment resulting from the standard terms results in at least a 10 percent reduction in your current monthly principal and interest mortgage payment for mortgages evaluated prior to July 1, 2013. For mortgages evaluated on or after July 1, 2013, the modified principal and interest payment must be less than or equal to the borrower's pre-modification principal and interest payment.
- To qualify for the Standard Modification, you must have a total monthly housing expense-to-income ratio that is greater than or equal to 10 percent and less than or equal to 55 percent of your gross (before tax) monthly income. That is, the total of your modified monthly principal and interest mortgage payment, plus monthly insurance, taxes, and homeowners' association or similar monthly dues divided by your gross (before tax) monthly income, must be at or between 10 percent and 55 percent.

### Obtaining a Permanent Modification

Once you've successfully completed the trial period, your Servicer will permanently modify your mortgage provided you continue to meet all eligibility requirements. The interest rate that you received for your trial period plan will be fixed for the entire 40-year term.

### For More Information

- Find out if Freddie Mac owns your mortgage by visiting our Loan Look-up Tool at <https://ww3.freddie.mac/corporate/>.
- Contact your Servicer. The telephone number and mailing address should be listed on your monthly statement or coupon book.

- Refer to the U.S. Department of Housing and Urban Development website at <http://www.hud.gov/offices/hsg/sfh/hcc/fc/index.cfm> to find a list of HUD-approved nonprofit counseling agencies in your area that you can visit in-person or talk to over the phone.
- Contact a Freddie Mac Borrower Help Center or Network participant listed at [http://www.freddie.mac.com/mortgage\\_help/who\\_to\\_contact\\_for\\_help.html#helpcenters](http://www.freddie.mac.com/mortgage_help/who_to_contact_for_help.html#helpcenters), where HUD-certified nonprofit counselors will provide confidential financial counseling.
- Visit the Freddie Mac Mortgage Help Resource Center at [http://www.freddie.mac.com/homeownership/mortgage\\_help/](http://www.freddie.mac.com/homeownership/mortgage_help/) to find useful tips, tools, and educational resources, including information on what to expect when working with your Servicer.

### Footnotes:

- *Freddie Mac does not offer mortgage modifications directly. We rely on your Freddie Mac Servicer to work with you.*
- *Your eligibility for a Freddie Mac Standard Modification is based on a number of factors, including those outlined here. Your Servicer will determine your eligibility.*
- *A trial period may be extended for up to nine months (12 months total) in the event you are in bankruptcy to allow your mortgage Servicer time to work with you or your counsel to obtain any court and/or trustee approvals required in accordance with local court rules or procedures prior to entering into a loan modification.*
- *There are many organizations that can help you when facing financial problems or foreclosure, but it is more important than ever to make sure you are dealing with a reputable organization before getting involved. Any unsolicited help should be fully researched before accepting any help. Go to the Freddie Mac "Avoiding Fraud" page on [FreddieMac.com](http://www.freddie.mac.com/mortgage_help/avoid_fraud.html) at [http://www.freddie.mac.com/mortgage\\_help/avoid\\_fraud.html](http://www.freddie.mac.com/mortgage_help/avoid_fraud.html) to learn how to identify mortgage fraud.*