



Freddie Mac Flex Modification

Fact Sheet

The Freddie Mac Flex Modification offers Servicers an easier, flexible way of helping more borrowers qualify for a loan modification in a changing housing environment.

This fact sheet provides a preliminary, high-level overview of the Flex Modification, a single modification program that leverages lessons learned from the housing crisis. Please read *Single-Family Seller/Servicer Guide* (Guide) [Bulletin 2016-22](#) and Guide [Bulletin 2017-1](#) for complete requirements and visit our [Flex Modification web page](#) for modification information and reminders.

Program Highlights

The Flex Modification leverages the Freddie Mac Standard and Streamlined Modifications. Highlights include:

- The Freddie Mac Flex Modification can be applied to all mortgage loan delinquencies, and to mortgage loans that are determined to be in imminent default in accordance with our Guide eligibility requirements and exclusions.
- The program will offer additional payment relief allowing forbearance of principal to an 80 percent mark-to-market loan-to-value ratio (MTMLTV) for eligible borrowers (not to exceed 30 percent of the unpaid principal balance) in two ways:
 - For borrowers less than 90 days delinquent, the program requires a complete loss mitigation application and targets a 20 percent payment reduction and 40 percent housing expense-to-income ratio.
 - For borrowers 90 or more days delinquent, the program targets a 20 percent payment reduction and requires no borrower documentation.

Evaluation Hierarchy

Prior to implementing the Flex Modification, Servicers must follow the existing loss mitigation evaluation hierarchy as described in Guide Section 9201.2. Once Servicers implement the Flex Modification, they must discontinue evaluating borrowers for the Standard and Streamlined Modifications, and instead evaluate borrowers following the evaluation hierarchy outlined in Guide Bulletin 2016-22.

What Servicers Need to Do

Review Guide Bulletin 2016-22 requirements for the Flex Modification, including the eligibility requirements, modification terms, Streamlined Flex Modification requirements, evaluation hierarchy, and processing and reporting requirements.

Servicers may start evaluating borrowers for a Flex Modification Trial Period Plan, effective February 15, 2017. Starting May 1, 2017, Workout Prospector® will be updated so that Servicers can submit data relating to Flex Modification Trial Period Plans.

Servicers must begin evaluating their portfolios using the criteria described in the *Determining the Terms of the Flex Modification* table of Guide Bulletin 2016-22 no later than **October 1, 2017**.

On and after **October 1, 2017**, this new modification will replace the current Freddie Mac Standard and Streamlined Modifications. In the interim, Servicers will be able to leverage the existing Standard and Streamlined Modifications.

We'll update Servicers throughout 2017 with more about the Flex Modification.