

A repayment plan is an agreement between you and the borrower that gives the borrower a defined period of time to bring the mortgage current by paying regular monthly payments plus an additional agreed upon amount in repayment of the delinquency. A repayment plan may stand alone as a relief option or be entered into in conjunction with a partial reinstatement.

This quick reference outlines Freddie Mac's requirements for establishing and reporting repayment plans as stand-alone relief options. For additional information on repayment plans, refer to *Single-Family Seller/Servicer Guide* (Guide) Sections 9203.8 through 9203.11.

If you have any questions about repayment plans, contact Customer Support at 800-FREDDIE.

Requirements for Repayment Plans

A repayment plan must:

- Lead to full reinstatement or payoff at the conclusion of the repayment plan
- Be in writing and contain the following information:
 - Total amount to be repaid
 - Beginning and end dates of the repayment period
 - Exact amount of the repayment plan payment that will be added to the borrower's regular monthly payment
 - That the borrower must pay all scheduled monthly payments during the period of the repayment plan
 - That the borrower must continue monthly payments according to the terms of the Note at the end of the plan
 - That the borrower agrees that the foreclosure proceedings are suspended during the repayment plan and that you are entitled to recommence foreclosure at the point the foreclosure was suspended if applicable, if he or she defaults on the repayment plan

Guide Exhibit 93, *Evaluation Notices*, includes a model repayment plan that you may use and amend as necessary to comply with the above requirements and applicable law.

- Be sent to the borrower
(The agreement does not have to be signed by the borrower or returned to you as a condition of the repayment plan. However, the borrower must make the first payment by its due date in order to accept the terms of the plan. The repayment plan agreement must contain a stipulation that entitles you to recommence foreclosure at the point the foreclosure was suspended if the borrower defaults on the repayment plan, unless inclusion of such a stipulation or commencement of foreclosure at the same point is prohibited by applicable law.)

The repayment plan may include any accrued late charges due from the borrower at the time you entered into the repayment plan with the borrower. However, if the borrower is paying as stipulated in the agreement, you must not accrue or collect late charges from the borrower during the repayment plan. If the borrower defaults on the terms of the repayment plan, late charge accrual may recommence from the date the borrower defaulted on the plan subject to applicable law.



You must also retain the following information as part of the mortgage record or file:

- The repayment plan (Do not send Freddie Mac a copy.)
- The terms of the repayment plan and the date you negotiated it with the borrower
- The date you sent it to the borrower, if the repayment plan exceeds three months
- The reason why you agreed to the repayment plan

If a borrower does not meet Freddie Mac’s requirements for a repayment plan, but you believe a variation in the plan would result in the reinstatement of the mortgage, submit the proposed plan to Freddie Mac for approval. Complete Form 105, *Multipurpose Loan Servicing Transmittal*, and e-mail it to us at NPL_File_Prep@FreddieMac.com. You may also fax it to us at (571) 382-4914, Attention: File Preparation.

Servicer Approval Authority

You are delegated to approve a repayment plan that has a term greater than one month and less than or equal to 12 months without obtaining Freddie Mac’s approval as outlined in the following table:

All repayment plans must meet all the following requirements:

- The monthly repayment plan payment amount must not exceed 150 percent of the contractual mortgage payment (including taxes and insurance if you are collecting escrow for such expenses).
- The borrower may make a payment that is applied prior to your repayment plan evaluation (i.e., the borrower may make a payment that may have a favorable impact on the terms of the repayment plan).
- The repayment plan must be in writing.

| In addition, if: | Then: |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ▪ The mortgage is less than or equal to 90 days delinquent, <u>and</u> ▪ The repayment plan term does not exceed six months. | <ul style="list-style-type: none"> ▪ A Borrower Response package is not required. ▪ Quality right party contact is required to verify that the borrower has the financial capacity bring the mortgage current and cure the delinquency as a result of the repayment plan. |
| <ul style="list-style-type: none"> ▪ The mortgage is greater than 90 days delinquent, <u>or</u> ▪ The repayment plan term exceeds six months. | <ul style="list-style-type: none"> ▪ A Borrower Response Package is required. ▪ Repayment plan terms that exceed 12 months must be submitted to Freddie Mac for review and approval. ▪ You must evaluate the borrower for a streamlined offer for a Flex Modification if the mortgage is greater than 90 days delinquent. However, if you have established quality right party contact and verified that the borrower has the financial capacity to bring the mortgage current and cure the delinquency as a result of a repayment plan, then you must offer the borrower a repayment plan. |

You must obtain Freddie Mac’s approval for repayment plans that exceed 12 months in duration unless the repayment plan includes repayment of delinquent taxes.



To obtain our approval, submit Form 105, *Multipurpose Loan Servicing Transmittal*, and a complete Borrower Response Package to NPL_File_Prep@FreddieMac.com. You may also fax it to us at (571) 382-4914, Attention: File Preparation.

If there is no escrow account on the mortgage for taxes, and taxes are not current, or the borrower has not entered into a repayment plan with the taxing jurisdiction, then you may approve a repayment plan of up to 18 months under the following conditions:

- You must pay the delinquent taxes, and
- You must set up an escrow account for future taxes if the repayment period exceeds three months. In this case only, you may extend the repayment period to no more than 18 months.

Ensure that you document your reasons for approving the repayment plan in the mortgage file.

Reporting Repayment Plans

1. Notify Freddie Mac of the repayment plan through Electronic Default Reporting (EDR) within the first three business days of the month following the month you received the initial repayment plan payment from the borrower.

Report the following through EDR:

- Default action code 12 (Repayment Plan)
- Date you received the initial repayment plan payment from the borrower.

Occupancy status, property condition, and reason for default codes are also required if the loan is 90 days or more delinquent.

2. Continue to report default action code 12 (Repayment Plan), through EDR each month, except for the last month of the repayment period.

Include the following in the EDR transmission:

- Default action code 12 (Repayment Plan)
- Date you received the initial repayment plan payment from the borrower (This must be equal to the date you reported when you initially reported default action code 12 (Repayment Plan), in step 1.)

Occupancy status, property condition, and reason for default codes are also required if the loan is 90 days or more delinquent. For additional information about EDR, refer to Guide Section 9102.7 and our [EDR Quick Reference Guide](#).

Reporting When the Borrower Defaults on the Repayment Plan

1. Notify Freddie Mac through EDR within the first three business days of the month following the month the borrower defaulted on the repayment plan.

Take the following actions when you report through EDR:

- Discontinue reporting default action code 12 (Repayment Plan).
- Report the appropriate default action code based on your actions taken since the borrower defaulted on the repayment plan.

2. Continue to report the appropriate default action code(s) through EDR each month until the mortgage is fully reinstated, paid off, a foreclosure sale is held, or a workout is completed.



Compensation for Repayment Plans

As announced in [Guide Bulletin 2020-21](#), the following table identifies the individual incentive and cap amounts that you will receive for successfully completing repayment plans.

| Incentive Payment Amount | Incentive Cap Amount |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$500 Effective for all repayment plans with a first payment due date under the repayment plan on or after July 1, 2020. | \$1,000 As of July 1st, 2020, Servicer incentives will be capped at \$1,000 per mortgage in aggregate for all repayment plans that are completed.. Repayment plans that were already completed or started prior to July 1st, 2020 are not subject to the incentive cap. |

In order to qualify for the repayment plan incentive, you must meet the following conditions:

- The mortgage must have been 60 or more days delinquent at the time the borrower entered into the repayment plan.
- The borrower must completely reinstate or pay off the mortgage.
- You must have reported the repayment plan to Freddie Mac via EDR in accordance with [Guide Section 9203.11](#).

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* or any other contractual agreements. This information does not constitute an agreement between Freddie Mac and any other party.

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