

A charge-off ceases collection efforts on a mortgage when all appropriate measures have been exhausted to collect on the delinquent mortgage and you have deemed the debt to be uncollectible or that a foreclosure should not be completed. A charge-off does not cancel the Note, nor does it release the lien on the property.

When we charge-off a mortgage, we will retain our lien on the property unless we instruct you otherwise. There may be circumstances when it would be in our best interest to release the lien. In such cases, we may agree to charge-off the debt and release our lien. For additional information about charge-offs, refer to *Single-Family Seller/Service Guide* (Guide) Chapter 9210.

Refer to the following checklist when submitting a charge-off for settlement. If you have any questions, contact Customer Support at 800-FREDDIE.

| <input checked="" type="checkbox"/> <b>Take the following actions to submit a charge-off for settlement:</b> |   |
|--|---|
| <input type="checkbox"/>   | <p>After completing the requirements outlined in Guide Section 9210.5, complete the Charge-off Settlement screen in Workout Prospector® and transmit the charge-off for settlement via Workout Prospector within 30 days of receiving Freddie Mac's approval letter.</p> <p>If you have not submitted the charge-off for settlement within 30 days of receiving Freddie Mac's approval letter, then you should provide a status update to Freddie Mac at <a href="mailto:shortsales@FreddieMac.com">shortsales@FreddieMac.com</a> and on a monthly basis thereafter until the charge-off has been submitted via Workout Prospector.</p> <p>Refer to the <a href="#">Workout Prospector® Users' Guide</a> for additional information about the Charge-off Settlement screen.</p>   |
| <input type="checkbox"/>   | <p>If Freddie Mac instructs you not to complete a lien release as part of the approved charge-off request, upon receiving a request from a Freddie Mac-approved vendor, you must prepare and submit all of the following documentation to the Freddie Mac-approved vendor:</p> <ul style="list-style-type: none"> <li>▪ The original Note</li> <li>▪ The original security instrument</li> <li>▪ A copy of the assignment of the security instrument to The Federal Home Loan Mortgage Corporation (not "Freddie Mac") sent to the local recorder's office</li> <li>▪ A copy of the original loan application</li> </ul> <p>If Freddie Mac approves a charge-off request and instructs you to release the lien on the property and cancel the Note, you must prepare and execute a satisfaction of Note and/or release of lien.</p> |



| <input checked="" type="checkbox"/> <b>Additional Activities:</b>   |   |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/>  | <p>Report the charge-off to Freddie Mac as a Payoff – Short Sale/Charge-off/Make-whole (exception code 67) transaction through the Loan Level Reporting tool within two business days of receiving our approval letter.</p> <p>Ensure that the</p> <ul style="list-style-type: none"> <li>▪ Ending Gross UPB is zero.</li> <li>▪ Principal Due field is completed with the gross unpaid ending balance of the mortgage.</li> <li>▪ Payoff Date is the date you received the approval letter from Freddie Mac.</li> <li>▪ DDLPI reflects the due date of the last fully paid installment.</li> </ul>   |   |  |   |
| <input type="checkbox"/>  | <p>Unless otherwise instructed by Freddie Mac, within seven business days of receiving Freddie Mac’s approval letter, you must:</p> <p>Notify the borrower in writing that you will no longer service the mortgage. The written notice must include the following:</p> <ul style="list-style-type: none"> <li>▪ Freddie Mac’s nine-digit loan number and the Servicer’s loan number</li> <li>▪ Information that either: <ul style="list-style-type: none"> <li>– The lien on the property is being released and the Note is being cancelled, or</li> <li>– The lien on the property is not being cancelled, the mortgage is being assigned to Freddie Mac, and the borrower remains financially obligated to the Note and security instrument.</li> </ul> </li> <li>▪ Instructions that the borrower remains responsible for paying real estate taxes and insurance premiums and that such payments should be made directly to the taxing authority or insurer, even if the mortgage had an escrow account prior to the charge-off</li> </ul> <p>If the mortgage had an escrow account prior to the charge-off, you must notify the local taxing authority in writing to send all tax bills directly to the borrower.</p> |   |  |   |
| <input type="checkbox"/>  | <p>After completing the reporting requirements outlined in Guide Section 9210.5(b), but no later than three business days of receiving Freddie Mac’s approval letter, send any hazard insurance claims proceeds or litigation settlement proceeds via wire transfer or check to Freddie Mac regardless of whether the lien is or is not released. Include the Freddie Mac loan number and state that the funds are for charge-off recovery.</p> <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top; width: 33%;"> <p><b>Regular or First Class Mail:</b></p> <p>Freddie Mac<br/>P.O. Box 730453<br/>Dallas, TX 75373-0453<br/>Attn: Charge-off Recovery</p> </td> <td style="vertical-align: top; width: 33%;"> <p><b>Overnight Mail:</b></p> <p>JP Morgan Chase<br/>Dallas National Wholesale LB TX 1-0029<br/>14800 Frye Road<br/>Fort Worth, TX 76155<br/>Attn: HomeSteps #730453</p> </td> <td style="vertical-align: top; width: 33%;"> <p><b>Wire Transfer:</b></p> <p>JPMorgan Chase Bank, NA<br/>Location: McLean, Virginia<br/>Routing #: 021000021<br/>Account #: 9102418887</p> </td> </tr> </table>   | <p><b>Regular or First Class Mail:</b></p> <p>Freddie Mac<br/>P.O. Box 730453<br/>Dallas, TX 75373-0453<br/>Attn: Charge-off Recovery</p>     | <p><b>Overnight Mail:</b></p> <p>JP Morgan Chase<br/>Dallas National Wholesale LB TX 1-0029<br/>14800 Frye Road<br/>Fort Worth, TX 76155<br/>Attn: HomeSteps #730453</p> | <p><b>Wire Transfer:</b></p> <p>JPMorgan Chase Bank, NA<br/>Location: McLean, Virginia<br/>Routing #: 021000021<br/>Account #: 9102418887</p> |
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| <input checked="" type="checkbox"/> <b>Additional Activities, continued:</b> |  |
|--|--|
| <input type="checkbox"/>   | If the lien is released, you must file IRS Form 1099-C, <i>Cancellation of Debt</i> . In addition to filing this form electronically with the IRS, you must also send a paper copy to the borrower. Ensure that you retain a copy in the mortgage file. For additional information, refer to Guide Section 8106.4.   |
| <input type="checkbox"/>   | The amount that Freddie Mac has determined to be charged off will be reflected on the <i>Draft Report</i> . Review the <i>Draft Report</i> and notify us of any discrepancies between your records and the amount on the <i>Draft Report</i> via the Freddie Mac Servicing Data Corrections tool within the same accounting cycle in which Freddie Mac posts the amount to the <i>Draft Report</i> . |

This information is not a replacement or substitute for the requirements in the *Freddie Mac Single-Family Seller/Service Guide* and your other Purchase Documents.

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