



# Workout Prospector Users' Guide

---

February 2024

## **Chapter 1: Get Started with Workout Prospector**

Introduction .....	1-1
Objectives .....	1-1
Before You Begin.....	1-1
Standard Operating Hours.....	1-1
How to Access and Log In to Workout Prospector.....	1-1
What is a Model? .....	1-4
How to Create or Open A Model .....	1-4
The Neogtiated and Delegated Policy Paths.....	1-5
The To Do List .....	1-6
Required Data Elements.....	1-7
Expanding and Collapsing the Screens.....	1-7
Navigating through the Screens .....	1-8
Save Your Work Frequently .....	1-9
Inactivity.....	1-9
Where to Find Additional Information .....	1-9

## **Chapter 2: Enter Data for, Evaluate, and Settle Payment Deferrals**

Introduction .....	2-1
--------------------	-----

## **Chapter 3: Enter Data for and Evaluate Modifications**

Introduction .....	3-1
Objectives .....	3-1
How to Create a Model for a Modification .....	3-1
Data Elements Required to Evaluate a Modification .....	3-3
Enter Mortgage Attributes.....	3-4
When You Have Completed the Mortgage Attributes Screen .....	3-9
Modeling Attributes .....	3-10
Modeling Attributes-Additional Modification Inputs-Other Modifications .....	3-18
Submit the Data for Calculation .....	3-19
Modification Solution for "Other Modifications".....	3-20
Transmit "Other Modifications" to Freddie Mac.....	3-26
After You Transmit the "Other Modification" Model to Us .....	3-26
After We Complete Our Review of the "Other Modification" .....	3-27
Court Mandated Modifications .....	3-28



The Court Mandated Modification Screen .....	3-30
Special Instructions for Completing the UPB Write-Down and Interest Bearing Modified UPB Fields.....	3-36
Understanding the Court Mandated Modification Statuses .....	3-39
Transmit the Court Mandated Modification to Freddie Mac .....	3-40
After You Transmit the Court Mandated Modification to Us .....	3-40
After We Complete Our Review of the Court Mandated Modification .....	3-41
<b>Chapter 4: Document Comments for Modifications</b>	
Introduction .....	4-1
Objectives .....	4-1
The Comments Screen .....	4-1
How to Document Comments for Modifications and Payment Deferrals .....	4-2
<b>Chapter 5: Automated Settlement for Modifications</b>	
Introduction .....	5-1
<b>Chapter 6: Enter Data for Liquidation Options</b>	
Introduction .....	6-1
Objectives .....	6-1
How to Create a Liquidation Model .....	6-2
Data Elements Required to Evaluate a Liquidation .....	6-3
Data Elements Required to Submit a Liquidation to Freddie Mac .....	6-3
Enter Borrower Information.....	6-5
Enter Borrower Financials .....	6-8
Enter Property Information.....	6-11
Enter Loan Information .....	6-15
Enter Contact Information.....	6-17
Enter HUD-1 Information .....	6-18
Review Credit Enhancement Information .....	6-19
After You Have Entered Data for the Model .....	6-19
<b>Chapter 7: Analyze and Adjust Liquidation Options</b>	
Introduction .....	7-1
Objectives .....	7-1
The Workout Summary Screen .....	7-1
The Analyze Screen .....	7-5
The Override Screens.....	7-9
The Primary Override Screen .....	7-9



What Data Can Be Overridden? .....	7-11
------------------------------------	------

## **Chapter 8: View Warnings and Document Comments for Liquidation Options**

Introduction .....	8-1
Objectives .....	8-1
The Warnings and Comments Screen .....	8-1
How to Document Comments.....	8-3

## **Chapter 9: Access the Business Plan for Liquidation Options**

Introduction .....	9-1
Objectives .....	9-1
The Business Plan .....	9-1
Parts of the Business Plan Available for Selection.....	9-2
How to View and Save the Business Plan.....	9-2

## **Chapter 10: Access Letters for Liquidation Options**

Introduction .....	10-1
Objectives .....	10-1
The Letters Screen .....	10-1
How to Use the Letters Screen.....	10-2

## **Chapter 11: Transmit Liquidation Options to Freddie Mac**

Introduction .....	11-1
Objectives .....	11-1
Transmitting the Liquidation Option to Freddie Mac.....	11-1
How to Transmit the Liquidation Option to Freddie Mac .....	11-3
After You Transmit the Model to Freddie Mac.....	11-4
When the Liquidation Option is in Approved Status .....	11-5

## **Chapter 12: Automated Settlement for Liquidation Options**

Introduction .....	12-1
Objectives .....	12-1
Automated Settlement Functionality for Liquidations .....	12-2
Loans Not Eligible for Settlement in Workout Prospector .....	12-2
Understanding Screen Access and Functionality .....	12-3
Deed-in-Lieu Settlement Screen .....	12-4
Charge-off Settlement Screen .....	12-6
Enter Comments to Provide Additional Details for Liquidation Settlement .....	12-9
How to Submit Settlement Data for Liquidation Options to Freddie Mac .....	12-10





Manual Settlement Review for Liquidation Options.....	12-12
Monitor the Liquidation Option via the Servicer Performance Profile.....	12-12
<b>Chapter 13: Model, Approve, and Settle Third-Party Foreclosure Sales</b>	
Introduction .....	13-1
Objectives .....	13-1
Reporting the Foreclosure Sale Results .....	13-1
When You Receive the Sale Proceeds .....	13-2
After You Report the Foreclosure Sale Results and Receive the Proceeds .....	13-3
Understanding Screen Access and Functionality .....	13-3
Loans Not Eligible for Settlement in Workout Prospector .....	13-5
Data Elements You Must Enter to Submit a Third-Party Foreclosure Sale to Freddie Mac .....	13-5
How to Model a Third-Party Foreclosure Sale.....	13-5
How to Approve a Third-Party Foreclosure Sale .....	13-9
After You Approve and Transmit the Third-Party Foreclosure Sale to Freddie Mac.....	13-11
Third-Party Foreclosure Sale Settlement .....	13-12
Enter Comments to Provide Additional Details for Third-Party Foreclosure Sale Settlement.....	13-14
How to Submit Settlement Data for Third-Party Foreclosure Sales to Freddie Mac.....	13-16
Manual Settlement Review for Third-Party Foreclosure Sales.....	13-17
Monitor the Third-Party Foreclosure Sale via the Servicer Performance Profile.....	13-18
<b>Appendix A: Warning Messages.....</b>	<b>A-1</b>
<b>Appendix B: Modification and Payment Deferral Statuses and Decline Reasons.....</b>	<b>B-1</b>
<b>Appendix C: Documenting Imminent Default for Modifications in Workout Prospector.....</b>	<b>C-1</b>

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.

© 2024 Freddie Mac

[Freddie Mac Learning](#)

## Introduction

Workout Prospector® is a web-based tool that gives you the ability to analyze, structure, and send alternative to foreclosure recommendations to Freddie Mac electronically, or aid you in exercising your delegated authority to enter into alternatives to foreclosure on behalf of Freddie Mac.

This chapter introduces the activities you must perform to obtain access and begin using the application.

## Objectives

After completing this chapter, you will

- Understand how to request a user ID and password for access to Workout Prospector
- Be able to access and log in to Workout Prospector
- Create a new model and open an existing model
- Be familiar with the To Do List

## Before You Begin

You must have a user ID and password to access Workout Prospector. If you are not currently a Workout Prospector user, request access via [Freddie Mac Access Manager](#).

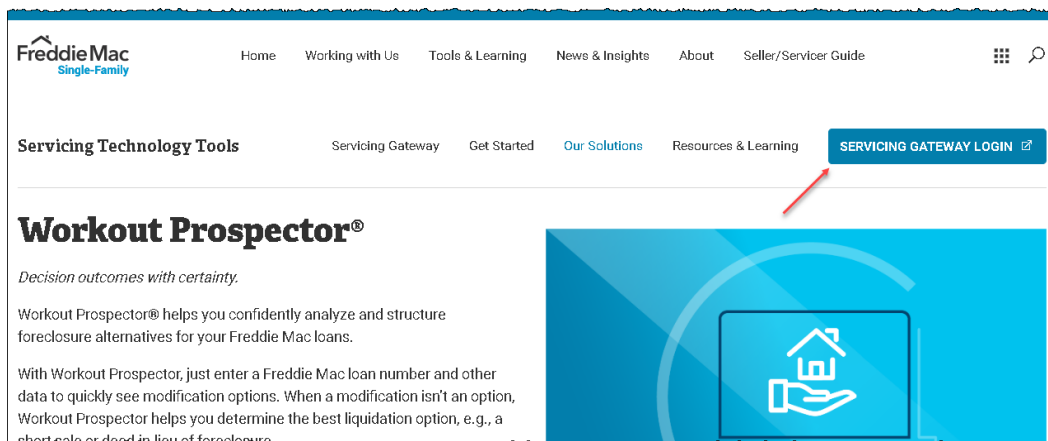
## Standard Operating Hours

Workout Prospector's standard operating hours are Monday through Saturday, 7 a.m. to 11 p.m. Eastern Time and Sunday, 9 a.m. to 11 p.m. Eastern Time.

## How to Access and Log In to Workout Prospector

Perform the following steps to access Workout Prospector:

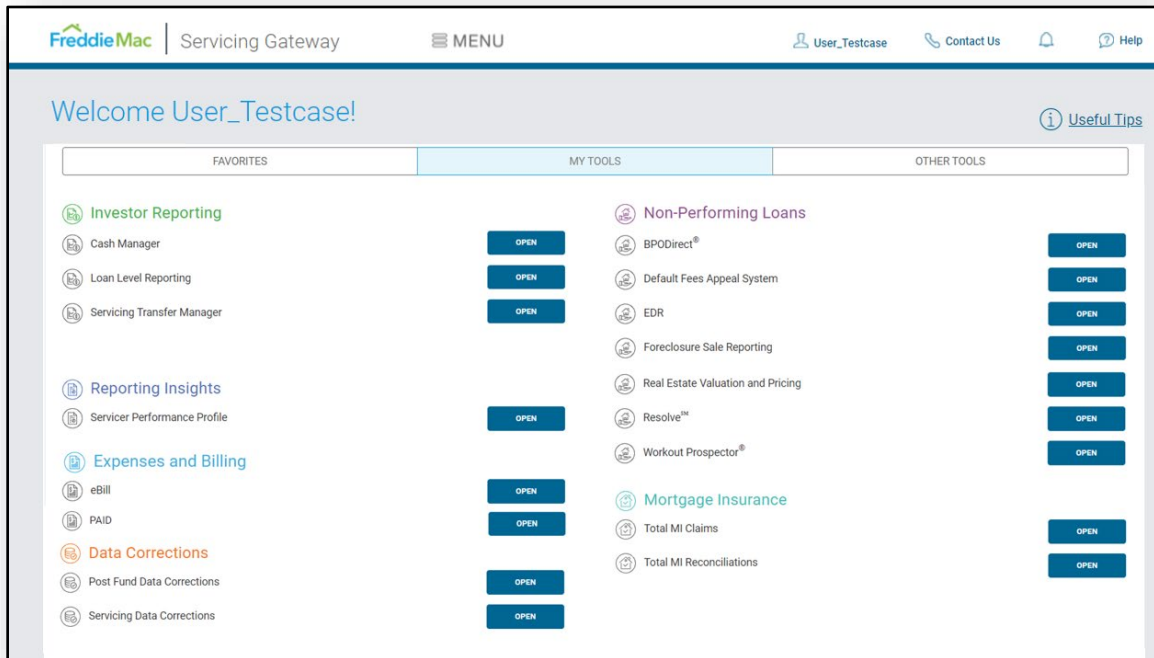
1. From the [Workout Prospector page](#), click **Servicing Gateway Login**. You may also access the Servicing Gateway directly at <https://sg.freddiemac.com>.



2. Enter your user ID and password when prompted. The Servicing Gateway home page displays.



3. Click the Workout Prospector **Open** button.



The following screen displays. You have successfully logged in to Workout Prospector.


Note the three links that display at the top of the screen.

- Click **Home** to return to this screen from anywhere in this tool.  
Note: Clicking **Home** also closes the model you are in.
- Click **Help** to access the Workout Prospector online help.
- Click **Logout** to log out of Workout Prospector.





Home | Help | Logout



Workout Prospector®

Click the Freddie Mac logo to access FreddieMac.com.

Freddie Mac Loan Number:

Enter



## What is a Model?

A model in Workout Prospector is a collection of data about a specific mortgage, including information about the borrower, the property, and the loan. In addition to the data entered into it, a model contains warnings, calculations, and an economic profile of various alternatives to foreclosure. You must use Workout Prospector to pursue alternatives to foreclosure that Freddie Mac offers in accordance with the evaluation hierarchy set forth in Guide Section 9201.2 and the specific Guide requirements for each available alternative to foreclosure.

When you create a model, many of the data entry fields automatically populate with information from our database. Examples of fields that automatically populate are borrower name and address, property address, and maturity date. You may edit some fields that automatically populate by entering a different value. Ensure that you validate the data that automatically populates and edit it as needed to ensure accuracy.

## How to Create or Open a Model

After you have logged in to Workout Prospector, perform the following steps to create a new model or open an existing model:

1. Enter the Freddie Mac loan number.

Freddie Mac Loan Number:

Enter

2. Click **Enter**. Workout Prospector will determine, based on your user ID, password, and the loan number entered, whether a model exists for the loan and whether your access privileges allow you to view and/or update the loan.

If you:	Then Workout Prospector will:
Have access to the loan and a model for the loan <b>does not exist</b>	Allow you to create a new model. Select a workout option type and click <b>Submit</b> .

Workout Option:

Submit

Select **Retention Program** to model court mandated and other modifications.

Select **Liquidation** for, Freddie Mac Standard Deeds-in-Lieu of Foreclosure, third-party foreclosure sales and charge-offs.

**Note:** Select **Liquidation** to enter data for and submit repayment plans to Freddie Mac that exceed 12 months.



If you:	Then Workout Prospector will:
Have access to the loan and a model for the loan <b>does exist</b>	Open the existing model. If someone else has control of the model, you can view the data, but will not be permitted to make any changes.
Do not have the access privileges required to view and/or update the loan	Display a message to notify you that access to the loan is denied.

If you enter a Freddie Mac loan number that is not in our database of delinquent mortgages, the following message displays.


Loan does not exist in our Loss Mitigation system. If you wish to continue, select OK and the requested loan data will be available in one business day. Otherwise, select Cancel

OK Cancel

If you receive this message, verify that you have entered the correct loan number. Workout Prospector will extract the data for the requested loan number and populate the database in one business day. After the database is populated, you can access Workout Prospector and create a model for the loan.

After you create or open a model, general data about the loan including the Freddie Mac loan number, Servicer loan number, borrower name, and property address display at the top of the screen as shown below.

This information is static and displays on each screen you access for the model.



Home | Help | Logout

FreddieMac | Workout Prospector®

Freddie Mac Loan Number: 123456789

Servicer Loan Number: 0099887

Property Address: 123 Main Street Anytown, NY 12345

Borrower Name: Julie Smith

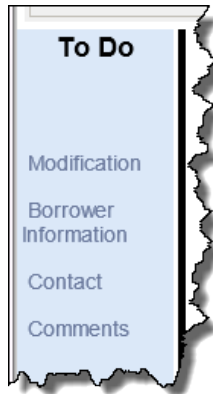
Co-Borrower Name:

## The Negotiated and Delegated Policy Paths

Freddie Mac has granted delegated authority to approve all alternatives to foreclosure consistent with the Guide's evaluation hierarchy requirements and provided all eligibility requirements are met. If the model you send to us is within the parameters of the delegated program requirements, that model follows the "delegated policy path", and review is unnecessary. All other models follow the "negotiated policy path", and we approve or reject them for the specific exception requested based on the specifics of the model.



## The To Do List



The To Do List is located on the left side of each screen and displays whenever a model is open. The To Do List is dynamic, and the selections displayed depend on the type of alternative to foreclosure you are evaluating.

The following baseline screens always display on the To Do List:

- Contact
- Borrower Information

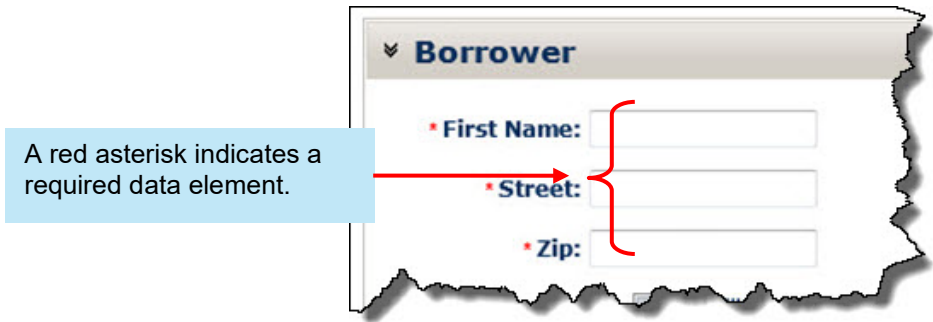
The following screens display on the To Do List only when certain conditions are met:

Screen	One of the following criteria must be met to display:
Property	A workout other than Freddie Mac Payment Deferral, Freddie Mac Disaster Payment Deferral, or Freddie Mac Flex Modification is currently in progress or has been approved.
Loan	
Analyze	A workout other than a modification, Freddie Mac Payment Deferral, or Freddie Mac Disaster Payment Deferral is in progress or has been approved.
Warnings and Comments	
Business Plan	
Workout Summary	
Letters	
Model Modification	
Court Mandated Mod	
Comments	Court mandated modification is currently in progress.
CE	A workout other than a modification, Freddie Mac Payment Deferral, or Freddie Mac Disaster Payment Deferral is in progress or has been approved and the loan is credit enhanced.
HUD-1	A workout other than a modification, Freddie Mac Payment Deferral, or Freddie Mac Payment Deferral is in progress or has been approved and the Sales Price on the Property screen is greater than zero.
Loan Mod Settlement	Loan has been saved in the Modification Program – Approve status.
Court Modification	A court mandated modification is in progress or has been approved.
Liquidation Settlement	A third-party foreclosure sale, Freddie Mac Standard Short Sale, Freddie Mac Standard Deed-in-Lieu, or charge-off has been approved.



# Required Data Elements

Required data elements are identified with a red asterisk (\*). You must ensure a value is entered for all required data elements.



# Expanding and Collapsing the Screens

Many of the screens in Workout Prospector provide the option of viewing all sections of a screen at once, or viewing selected sections.

If you want to:	Then:
View all sections of the screen	Click <b>Expand All</b> .
View a particular section of the screen	Click the arrow next to the section you want to expand.
Collapse all sections of the screen	Click <b>Collapse All</b> .
Collapse a particular section of the screen	Click the arrow next to the section you want to collapse.





In the example below, we have expanded the Borrower section of the Borrower Information screen.

The screenshot shows the 'Borrower Information' screen. At the top right is a 'Save' button. Below the title 'Borrower Information' are links for 'Expand All | Collapse All'. The main section is titled 'Borrower' and is expanded, showing fields for First Name (KEN), Last Name (SMITH), Street (123 MAIN STREET), City (ANYTOWN), Zip (12345), and State (NY). There are also checkboxes for 'Willingness to maintain property' and 'Is Someone Willing to Assume this Loan?'. Below this are sections for 'Co-borrower 1', 'Co-borrower 2', and 'Co-borrower 3', each with an expand/collapse arrow. At the bottom right is a 'Next' button. Two blue callout boxes with red arrows provide instructions: one points to the expand/collapse arrows on the left, and the other points to the 'Expand All | Collapse All' links at the top right.

Collapse or expand a particular section of the screen with these arrows.

Use these links to expand or collapse all sections of the screen at once.

## Navigating through the Screens

In addition to using the links available on the left navigation bar in the To Do List, you can also move from screen to screen using the **Next** and **Back** buttons.

The screenshot shows the 'Borrower Financials' screen. At the top right is a 'Save' button. The main section is titled 'Borrower Financials' and contains fields for Monthly Liabilities (\$), Monthly Expenses (\$), Monthly Household Income (\$), Non Retirement Liquid Assets (\$), Backend DTI Ratio (%), Hardship Reason, Borrower FICO, Borrower FICO Date, Co-Borrower FICO, and Co-Borrower FICO Date. There is also a checkbox for 'There are new mortgages since the hardship began:'. At the bottom left is a 'Back' button, and at the bottom right is a 'Next' button. Two blue callout boxes with red arrows provide instructions: one points to the 'Back' button, and the other points to the 'Next' button.

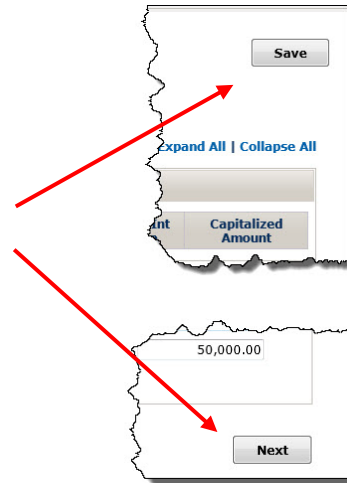
Click **Back** to display the prior screen.

Click **Next** to save the data entered for the model and advance to the next screen.



## Save Your Work Frequently

When you are logged in to Workout Prospector, it is important that you save your work frequently. To do this, you can click **Save** (located in the upper right corner) or **Next** (located in the bottom right corner, if the screen you are on has a **Next** button). Workout Prospector stores your entire model, including data from the screen you're using, in our system's database. It creates a permanent copy of your model and allows us to view it if necessary, to help you or answer your questions.



## Inactivity

The following table outlines what actions you must take to continue working in Workout Prospector after a period of inactivity.

After the following period of inactivity:	You must take the following actions to continue working in Workout Prospector:
After at least 45 but less than 60 minutes	Enter your user ID and password when the log in prompt displays. After logging in, Workout Prospector will return you to the loan number and screen you were using.
After 60 minutes or more	After 60 minutes of inactivity, Workout Prospector will automatically log you off and you will lose data that was revised or added to your model since the last time you clicked <b>Save</b> or <b>Next</b> . Enter your user ID and password when the log in prompt displays. You will receive a message that the session timed out. Close all open browsers and start a new session.

## Where to Find Additional Information

For information about online offerings and additional reference information about Workout Prospector and alternatives to foreclosure, visit [Freddie Mac Learning](#).

## Introduction

Note: Per [Bulletin 2023-14](#), dated June 14, 2023, Servicers must have transitioned processing Payment Deferral products to Resolve no later than August 31, 2023. Prior to transitioning or August 31, 2023, if the loan was started in Workout Prospector, the loan will continue to be processed in Workout Prospector through the stages of the workout lifecycle including settlement, if applicable. For additional information refer to the [Workout Prospector® Online Help](#).

## Introduction

This chapter introduces and provides guidance on how to navigate the Workout Prospector® screens you will use to enter data for and evaluate “other modifications.”

**Note:** Per [Bulletin 2023-14](#), dated June 14, 2023, Servicers must have transitioned processing Flex Modification® products to Resolve no later than August 31, 2023. Prior to transitioning or August 31, 2023, if the loan was started in Workout Prospector, the loan will continue to be processed in Workout Prospector through the stages of the workout lifecycle including settlement, if applicable. For additional information refer to the [Workout Prospector Online Help](#).

## Objectives

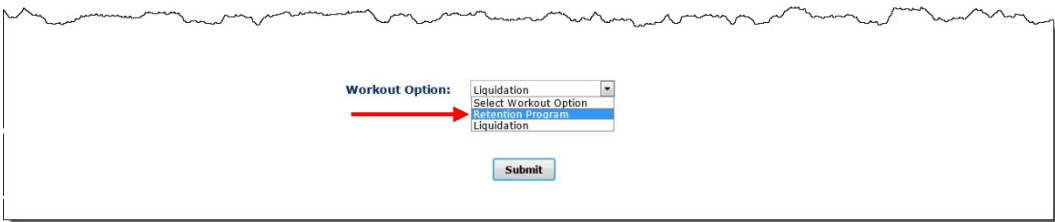
After completing this chapter, you will:

- Be able to navigate and enter data on the modification screens for “other modifications.”

## How to Create a Model for a Modification

After you log in to Workout Prospector, perform the following steps to create a model for a modification.

1. Select **Retention Program** from the Workout Option pick list.

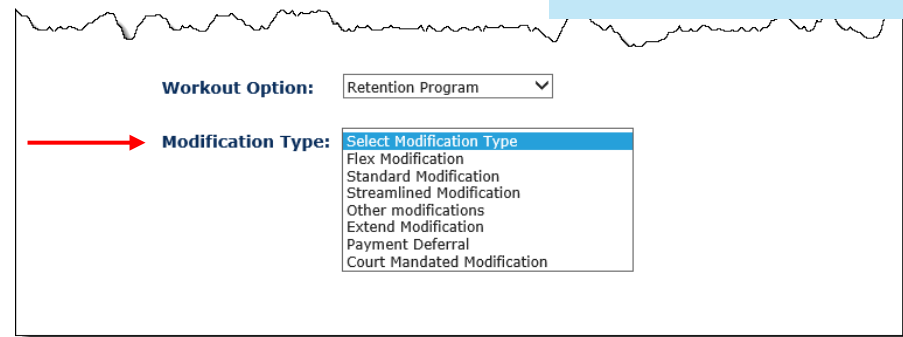
A screenshot of a web form showing a dropdown menu labeled "Workout Option:". The dropdown is open, displaying four options: "Liquidation", "Select Workout Option", "Retention Program" (which is highlighted with a blue background), and "Liquidation". A red arrow points from the text "Workout Option:" to the dropdown menu. Below the dropdown is a "Submit" button.

The Modification Type pick list displays below the Workout Option pick list.

2. Select one of the following modification types from the pick list:

- Other modifications
- Extend Modification
- Court Mandated Modification

**Note:** As of October 1, 2020, you may no longer evaluate borrowers for the following modification types: Extend Modifications, Standard Modifications or Streamlined Modifications.

A screenshot of a web form showing a dropdown menu labeled "Workout Option:" with "Retention Program" selected. Below it is another dropdown menu labeled "Modification Type:". The dropdown is open, displaying a list of modification types: "Select Modification Type", "Flex Modification", "Standard Modification", "Streamlined Modification", "Other modifications", "Extend Modification", "Payment Deferral", and "Court Mandated Modification". A red arrow points from the text "Modification Type:" to the dropdown menu.

3. Click **Submit**.



Workout Option: Retention Program

Modification Type: Flex Modification

Submit

After you click **Submit**, the Mortgage Attributes screen and To Do List display as shown on the following page.

The pick list displays the modification type you selected.

The modification is in Draft status.

Loan-level warning messages display in this area of the screen. For additional information about warning messages, refer to Appendix A.

Note that you must provide the required data on the Borrower Information and Contact screens for modifications. For information on the Borrower Information and Contact screens, refer to Chapter 6.

To Do

- Modification
- Borrower Information
- Contact
- Comments

Modification Type: Flex Modification

Modification Status: Draft

Save

### Mortgage Attributes

Expand All | Collapse All

▼ Prior Modifications

Mod. Type	Mod. Effect. Date	First Mod. Paymt Due Date	Int. Bearing UPB	Non-Int. Bearing UPB	Gross UPB	Modified Term	Mod. Int Rate	Capitalized Amount
-----------	-------------------	---------------------------	------------------	----------------------	-----------	---------------	---------------	--------------------

▼ Original Mortgage Attributes

Loan Origination Date: 09/18/2003

• Original UPB (\$): 322,329.84

• Original Interest Rate (%):

• Original Term (in Months):

• Original LTV (%): 47.000

▼ Current Mortgage Attributes

Current Maturity Date: 10/01/2033

• Current UPB (\$): 215,961.91

• Current Remaining Term (in Months):

• Current Property Type:

• Current Last Paid Inst. Date (DDLPI):

Current Loan Product: SFFR-30

• Current Interest Rate (%): 5.250

• Current P&I (\$):

• Current Property Value (\$):

Next

When a modification is in Draft status, you have the ability to model a different modification type, or to model a liquidation option, by making a selection from the Modification Type pick list.

Select Modification Type

- Flex Modification
- Standard Modification
- Streamlined Modification
- Other modifications
- Extend Modification
- Payment Deferral
- Court Mandated Modification
- Liquidation

Modification Type: Extend Modification

Modification Status: Draft

### mortgage Attributes

▼ Prior Modifications



The pick list displays only the modification type you are currently evaluating, and Court Mandated Modification.

The screenshot shows a software interface for evaluating mortgage modifications. On the left, under the heading "Modification Type:", there is a pick list with three options: "Select Modification Type", "Flex Modification" (which is highlighted in blue), and "Court Mandated Modification". To the right of this pick list, the text "Modification Status: Trial Period Approve" is displayed in green. Below these elements, the title "Mortgage Attributes" is centered in a large, bold, blue font. In the bottom right corner of the interface, a small blue "Exp" label is visible.

## Data Elements Required to Evaluate a Modification

The following table identifies the data elements that must be populated to evaluate and “other modifications”:

Screen	Field	“Other”
Mortgage Attributes	Original UPB	X
	Original Interest Rate	X
	Original Term (In Months)	X
	Original LTV	X
	Current UPB	X
	Current Interest Rate	X
	Current Remaining Term (In Months)	X
	Current P&I	X
	Current Property Type	X
	Current Property Value	X
	Current Last Paid Installment Date (DDLPI)	X
Modeling Attributes	Borrower – Monthly Gross Employment Income	
	Borrower FICO	
	Co-Borrower FICO	
	Workout Evaluation Date (Date Borrower Response Package Received)	
	Workout Decision Date (Date Borrower was Decisioned for Modification)	X
	Primary Hardship Reason	
	Primary Residence Monthly Mortgage Expenses (PITIAS)	
	Is Borrower in Imminent Default?	



## Enter Mortgage Attributes

The Mortgage Attributes screen is comprised of three sections:

- Prior Modifications
- Original Mortgage Attributes
- Current Mortgage Attributes

You will complete the Mortgage Attributes screen for Flex Modifications.

The following pages identify and define the data elements in each section of the screen.

Modification Type:

Modification Status: Draft

Save

### Mortgage Attributes

Expand All | Collapse All

▼ Prior Modifications

Mod. Type	Mod. Effect. Date	First Mod. Paymt Due Date	Int. Bearing UPB	Non-Int. Bearing UPB	Gross UPB	Modified Term	Mod. Int Rate	Capitalized Amount
-----------	-------------------	---------------------------	------------------	----------------------	-----------	---------------	---------------	--------------------

▼ Original Mortgage Attributes

Loan Origination Date:

• Original UPB (\$):

• Original Interest Rate (%):

• Original Term (in Months):

• Original LTV (%):

▼ Current Mortgage Attributes

Current Maturity Date:

Current Loan Product:

• Current UPB (\$):

• Current Interest Rate (%):

• Current Remaining Term (in Months):

• Current P&I (\$):

• Current Property Type:

• Current Property Value (\$):

• Current Last Paid Inst. Date (DDLPI):

Next



Current Mortgage Attributes

Current Maturity Date: 01/01/2035

Current Loan Product: SFRR-30

\* Current UPB (\$): 145,024.42

\* Current Interest Rate (%): 6.000

\* Current Remaining Term (in Months):

\* Current P&I (\$):

\* Current Property Value (\$):

Rural Housing Identifier: ☐

Note that when you select "Other modifications" as the modification type, the Rural Housing Identifier displays. This indicator does not display on this screen for any other modification option.

### Mortgage Attributes – Prior Modifications

This section of the Mortgage Attributes screen provides information on prior modifications for the mortgage. Prior modifications will display based on the Modification Effective Date, with the most recent modifications at the top of the list. Loans you received in a transfer of servicing (TOS) that were previously modified will also display in this section. If there are no prior modifications for the mortgage, this section will display as illustrated on the previous page. The data displayed in this section is informational only and cannot be manually updated.

Field Definition	
Modification Type	<div>Indicates the type of modification as one of the following:</div> <div><div><div>HAMP Modification</div><div>Standard Modification</div><div>Mass Mod</div><div>Alt</div><div>Streamlined Modification</div><div>Classic</div><div>USDA Modification</div><div>Payment Deferral (standard)</div></div><div><div>SMP</div><div>FDIC</div><div>Disaster</div><div>Underwater</div><div>Litigation</div><div>Cramdown</div><div>Flex</div><div>Other</div></div></div>
Modification Effective Date	The date on which the modification was effective, which is the interest rate change date.
First Modified Payment Due Date	Date on which the payment was due for the first modified payment.
Interest Bearing UPB	The UPB of the modified mortgage subject to accruing interest as of the modification effective date. This amount does not include any forbore principal.
Non-Interest Bearing UPB	Total amount of principal forbore as of the modification effective date.





<b>Gross UPB</b>	Interest-bearing UPB as of the modification effective date plus the non-interest bearing UPB as of the modification effective date equals the gross UPB as of the modification effective date.
<b>Modified Term</b>	The full term of the modified mortgage, reflected in number of months, which corresponds to the same number of monthly payments due under the modification's payment schedule.
<b>Modified Interest Rate</b>	The initial interest rate for the modified mortgage. For step rates, this field displays the initial interest rate that was in effect.
<b>Capitalized Amount</b>	Capitalized Amount = Post Mod Gross UPB – Pre-Mod Gross UPB

### Mortgage Attributes – Original Mortgage Attributes

This section of the screen displays data relevant to the loan when it was originated.

Field Definition	
<b>Loan Origination Date</b>	Date on which the mortgage was originated. This field will automatically populate and cannot be edited.
<b>Original UPB</b>	The UPB at origination. If the mortgage was previously modified under a prior modification program, enter the gross UPB as of the effective date of the latest modification. If the value entered is invalid, the following message displays: <i>"Enter an amount between \$1.00 and \$10,000,000.00."</i>
<b>Original Term (in months)</b>	The total number of months, at the time of origination, the borrower has to satisfy the mortgage debt for the existing mortgage. For example, if the borrower has a 30-year mortgage, the original term in months is 360. If the mortgage was previously modified, enter the modified term as of the effective date of the latest modification.
<b>Original Interest Rate</b>	The interest rate in effect at the time of origination. If the mortgage was previously modified, enter the initial interest rate in effect as of the effective date of the latest modification. If you enter an invalid value, the following error message displays: <i>"Enter a rate between 1% and 15%."</i>
<b>Original LTV</b>	The loan-to-value (LTV) ratio at the time of origination. If the mortgage was previously modified, enter the LTV ratio at the time of origination, not the LTV ratio as of the effective date of the modification. If you enter an invalid value, the following error message displays: <i>"Enter a rate between 1% and 15%."</i>



## Mortgage Attributes – Current Mortgage Attributes

This section of the screen displays the current characteristics of the loan.

Field Definition	
<b>Current Maturity Date</b>	The date on which the existing mortgage matures, and the final payment is due. This field will automatically populate and cannot be edited.
<b>Current UPB</b>	<p>The gross unpaid principal balance (UPB) reported to Freddie Mac as of the last accounting cycle.</p> <p>When you determine the final modified terms, this value must match the UPB reported to Freddie Mac as of the last accounting cycle prior to the first modified payment due date.</p> <p>If the value entered is invalid, the following message displays: <i>“Enter an amount between \$1.00 and \$10,000,000.00.”</i></p>
<b>Current Remaining Term (in months)</b>	<p>When you initially enter the remaining term into Workout Prospector, enter the total number of remaining months, as of the Evaluation Date (which defaults to the current date upon initial data entry), the borrower has to satisfy the mortgage debt. For example, if the borrower has a 30-year mortgage that originated two years ago, the remaining term in months is 336.</p> <p>If the mortgage was previously modified, enter the remaining term for the latest modification.</p> <p>After you save the Trial Period End Date, Workout Prospector will set the Modification Effective Date to equal the first day of the month following the month in which the Trial Period End Date falls assuming an interim month. Prior to saving the model in the Modification Program – Approve status, you must change the value in this field to reflect the modified term (i.e., the number of months from, but not including the Modification Effective Date to and including the maturity date) to accommodate, as applicable, the lack of an interim month or trial period extensions due to bankruptcy.</p> <p>Under no circumstances may the terms of a modification agreement be based on the remaining term entered as of the Evaluation Date.</p>
<b>Current Property Type</b>	<p>Use the pick list to identify the property type as owner-occupied (primary residence), non-owner occupied (investment property), or second home.</p> <p>This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide <a href="#">Section 9206.7(b)</a>.</p>



Field Definition	
<b>Current Last Paid Installment Date (DDLPI)</b>	<p>Due date of the last paid installment received from the borrower (DDLPI). When determining the final modified terms to save the model into a Modification Program – Approve status, you must ensure this field reflects the DDLPI reported to Freddie Mac as of the last accounting cycle prior to the first modified payment due date. You may not edit this field after you save the model in the Modification Program – Approve status.</p> <p>This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide <a href="#">Section 9206.7(b)</a>.</p>
<b>Current Loan Product</b>	<p>Describes the type of loan. This field may pre-populate.</p>
<b>Current Interest Rate</b>	<p>The current interest rate payable under the Note at the time of borrower qualification. For adjustable-rate mortgages (ARMs), the rate may adjust from time to time in accordance with the terms of the Note.</p> <p>If the mortgage has a scheduled interest rate adjustment that will occur during the trial period, and you cannot determine the new interest rate at the time you prepare the Trial Period Plan documents, calculate the target payment and underwrite the borrower assuming the interest rate in effect and payment due at the time of underwriting remains unchanged during the trial period.</p> <p>For ARMs, this value may be different when you determine the final modified terms and prepare the Modification Agreement.</p> <p>For loans to service members who are receiving a reduced rate and payment relief under the Servicemembers Civil Relief Act, the current interest rate is equal to the interest rate in effect prior to implementation of the temporary SCRA interest rate.</p> <p>If you enter an invalid value, the following error message displays:</p> <p><i>“Enter a rate between 1% and 15%.”</i></p>
<b>Current P&amp;I</b>	<p>The current amount of principal and interest that the borrower owes each month, even if the amount owed is interest only or a minimum amount.</p> <p>If you enter zero in this field, the following error message displays when you leave the data entry field:</p> <p><i>“Please enter a valid positive number greater than zero.”</i></p> <p>For ARMs or other payment adjusting products, this value may change during the trial period. You should use the current amount of principal and interest the borrower owes in the month you determine the final modified terms.</p> <p>For loans to service members who are receiving a reduced rate and payment relief under the Servicemembers Civil Relief Act, the current P&amp;I is equal to the principal and interest payment (or interest only or minimum amount payment) in effect prior to implementation of the temporary SCRA interest rate and related payment relief.</p> <p>This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide <a href="#">Section 9206.7(b)</a>.</p>



Field Definition	
<b>Current Property Value</b>	<p>Enter the property value you obtained in accordance with the requirements of Guide <a href="#">Section 9206.8</a>.</p> <p>If a value is already displayed in this field, you must verify that the value is valid and that it is the current value per the requirements of Guide Section 9206.8.</p> <p>The property value you enter must be greater than zero.</p>
<b>Rural Housing Identifier</b>	<p>This field displays when you select “Other modification” as the modification type. It is read-only and will automatically be checked for loans identified in our system as a Rural Housing Service (RHS) Section 502 Guaranteed Rural Housing mortgage. This indicator does not display for any other modification option.</p>

## When You Have Completed the Mortgage Attributes Screen

After you have entered all required data on the Mortgage Attributes screen, click **Next** to proceed to the Modeling Attributes screen.

The screenshot shows a web form with the following fields:

- Current Property Type:** A dropdown menu with "Owner Occupied" selected.
- Current Property Value (\$):** A text input field with a dollar sign icon.
- Current Last Paid Inst. Date (DDLPI):** A date picker showing "12/01/2013".

A red arrow points from the bottom right of the form to a button labeled "Next".

Workout Prospector will run a series of field validations for the Mortgage Attributes screen prior to displaying the Modeling Attributes screen. Make any necessary corrections to the data you entered, and click **Next** again to continue.



## Modeling Attributes

The Modeling Attributes screen, shown below, displays when you click **Next** on the Mortgage Attributes screen.

Modification Type: Flex Modification

Modification Status: Draft

Save

### Modeling Attributes

Expand All | Collapse All

Arrearages/Capitalization

Suspense/Restricted Escrow (\$):	0.00	Legal Fees and Costs (\$):	0.00
Borrower Contribution (\$):	0.00	Property Preservation (\$):	0.00
MI Partial Claim Amount (\$):	0.00	Escrow Advances (\$):	0.00
Projected Escrow Shortage (\$):	0.00	Delinquent Interest (\$):	17,741.05
Actual Monthly Escrow Shortage Payment (\$):	0.00	Actual Escrow Shortage (\$):	0.00
Total Capitalized Arrears (\$):	17,741.05		

Borrower & Co-Borrower Assets, Income & Expenses

Borrower Assets & Income

	Borrower	Co-Borrower
Checking Accounts (\$):	0.00	0.00
Savings/Money Market (\$):	0.00	0.00
Stocks/Bonds/CD (\$):	0.00	0.00
Monthly Gross Income (\$):	0.00	0.00
Monthly Net Income (\$):	0.00	0.00
Monthly Gross Unemployment Income (\$):	0.00	0.00

Rental Income

Monthly Gross Rental Income (\$):	0.00
-----------------------------------	------

Borrower Expenses

Monthly Property Taxes (\$):	0.00	Monthly Hazard/Flood Insurance (\$):	0.00
Monthly Mortgage Insurance (\$):	0.00	Ancillary Monthly Fees (\$):	0.00
Monthly Liabilities (\$):	0.00	Monthly Living/Miscellaneous Expenses (\$):	0.00

Additional Information

FICO

Borrower FICO:	0
Co-Borrower FICO:	0

ARM

Next ARM Reset Rate (%):	0.000
Next ARM Reset Date:	

Mortgage Insurance (MI)

MI Coverage Percent (%):	30
--------------------------	----

Imminent Default

Is Borrower in Imminent Default?

Hardship Reasons:

☐ Unemployment

☐ Reduction in income

☐ Increase in housing expenses

☐ Disaster (natural or man-made)

☐ Distant employment transfer/ Relocation

☐ Long-term or permanent disability

☐ Divorce or legal separation

☐ Separation of Borrowers unrelated by marriage, civil union or similar domestic partnership under applicable law

☐ Death of a Borrower/ Co Borrower

☐ Principal and interest payment increase as a result of an interest adjustment applied to a Step-Rate Mortgage no more than 12 months prior to the evaluation date

☐ Other - a hardship that is not covered above

Additional Modification Inputs - Flex Modification

Property Condition:

Property Status Vacancy:

☐ Yes ☐ No

Workout Evaluation Date:

(Date Borrower Response Package received)

Workout Decision Date:

(Date Borrower was decisioned for modification)

04/20/2021

Disaster Modification:

☐

Primary Residence Mthly Mortgage Expenses (PMTIAS) (\$):

0.00

Back

Submit for Calc



The Modeling Attributes screen is comprised of the following sections:

- Arrearages/Capitalization
- Borrower and Co-borrower Assets, Income, and Expenses
- Additional Information
- Additional Modification Inputs (Additional data specific to the modification type you are evaluating)

You must complete the Mortgage Attributes screen for “other modifications.” The last section of the screen, titled “Additional Modification Inputs” includes data specific to the type of modification you are evaluating.

If a complete Borrower Response Package is submitted, you must evaluate the borrower in accordance with the requirements for reviewing and evaluating a complete Borrower Response Package as specified in the Guide.

### Modeling Attributes – Arrearages and Capitalization

Refer to the following table to ensure you provide the appropriate information in each field.

Field Definition	
<b>Suspense/ Restricted Escrow</b>	<p>Total funds that are currently being held in suspense and have not yet been allocated. This value may change when determining the final modified terms to save the model in a Modification Program – Approve status. When determining the final modified terms, enter the sum of the following items:</p> <ul style="list-style-type: none"> <li>▪ Funds held in suspense, which include funds held for payments received but unapplied during the trial period</li> <li>▪ Restricted escrow</li> </ul> <p>This value is subtracted from the total arrearages when they are capitalized.</p>
<b>Borrower Contribution</b>	<p>The total cash amount the borrower will contribute toward the UPB, delinquent interest, and other arrearages.</p> <p>A borrower is required to make a contribution toward the arrearages in accordance with Guide <a href="#">Section 9206.15</a>.</p>
<b>MI Partial Claim Amount</b>	<p>Do not enter a value in this field.</p>
<b>Projected Escrow Shortage</b>	<p>Total projected escrow amounts that will come due once the loan has been modified and would cause the balance to drop below the targeted escrow balance.</p> <p>For taxes and insurance premiums that are not yet due before the effective date of the modification, you must determine the amount needed to establish the escrow account that, together with the monthly escrow payment included in the monthly mortgage payment, will be sufficient to pay all future taxes and insurance premiums when they are due.</p> <p>Projected escrow amounts may not be capitalized in the UPB of the mortgage. The borrower may remit the shortage over a period of at least 12, but no more than 60 months. The borrower may also remit the shortage amount in a lump sum payment. Complete this field only if one of the following occurs:</p> <ul style="list-style-type: none"> <li>▪ The borrower elects to pay the shortage over a 60-month period.</li> <li>▪ The borrower's intent is not known prior to the start of the trial period. In this case, assume the shortage will be spread equally over a 60-month period.</li> </ul> <p>This value may change when you determine the final modified terms.</p>



Field Definition	
<b>Projected Escrow Shortage, continued</b>	<p><b>Note:</b> If the borrower elects to remit the shortage over a period of less than 60 months, <u>do not</u> enter a value in this field.</p> <p>Instead, take the following actions:</p> <ul style="list-style-type: none"><li>▪ Calculate the monthly escrow shortage and/or advance repayment amount separately; and</li><li>▪ Include the monthly amount owed under the escrow repayment plan in the Ancillary Monthly Fees field on this screen.</li></ul>
<b>Actual Monthly Escrow Shortage Payment</b>	<p>The amount the borrower is currently required to pay each month for the Actual Escrow Shortage at the time of evaluation. This is the value used when calculating the borrower's current monthly housing expense-to-income ratio. If the existing mortgage does not have an escrow account, ensure that zero is displayed in this field.</p> <p>This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide <a href="#">Section 9206.7(b)</a>.</p>
<b>Total Capitalized Arrears</b>	<p>This field automatically populates and is equal to:</p> $\begin{array}{r} \text{Legal Fees and Costs} \\ + \text{Property Preservation} \\ + \text{Escrow Advances} \\ + \text{Delinquent Interest} \\ - \text{Suspense/Restricted Escrow} \\ - \text{Borrower Contribution} \\ \hline = \text{Total Capitalized Arrears} \end{array}$
<b>Legal Fees and Costs</b>	<p>Foreclosure expenses incurred, including legal fees and costs incurred as part of the foreclosure process that will accrue from the DDLPI through the end of the trial period and that will be capitalized to the mortgage. See Guide Exhibit 57A, <i>Approved Attorney Fees and Title Expenses</i>.</p>
<b>Property Preservation</b>	<p>Property preservation expenses, including property inspection fees that have been incurred from the DDLPI through the end of the trial period and that will be capitalized to the mortgage. The expenses must not exceed the limits outlined in Guide Exhibit 57, <i>1-4 Unit Property Approved Expense Amounts</i>. This value may change when you determine the final modified terms.</p>
<b>Escrow Advances</b>	<p>Any advances previously made by the Servicer and any advances that will be made during the trial period to pay property taxes or insurance premiums. These amounts may be capitalized in the UPB as part of the qualification process as long as they are paid to third parties prior to the modification. You must use known amounts due for taxes and insurance premiums when qualifying the borrower and determining the final terms of the Modification Agreement.</p>
<b>Actual Escrow Shortage</b>	<p>The total escrow shortage (not the monthly payment) on the existing mortgage, prior to modification, for the loan you are evaluating.</p>



Field Definition		
Delinquent Interest	If You are Modeling:	Then:
	Previously Modified Mortgages	The delinquent interest field automatically populates and is calculated on the interest-bearing portion of the Current UPB.
	Modifications	<p>The delinquent interest field auto-populates and is not editable on the Modeling Attributes screen.</p> <p><b>For fixed-rate, ARM and step-rate mortgages without a rate change during the delinquency period:</b></p> <p>Delinquent interest is calculated based upon the values displayed for the Current Interest Rate, Current UPB, and DDLPI on the Mortgage Attributes screen, through the Workout Decision Date.</p> <p>If you change the value displayed for the Current UPB or DDLPI on the Mortgage Attributes screen, confirm that the amount in the Delinquent Interest field is calculating based upon the interest-bearing UPB. You may update this field as needed.</p> <p><b>Note:</b> Delinquent interest may not be calculated using a “declining balance method” when the borrower has not been making any payments. In this case, interest accrues under the Note against the static UPB from the DDLPI until a payment is posted to the account.</p> <p><b>For ARM and step-rate mortgages with a rate change during the delinquency period:</b></p> <p>The auto-populated delinquent interest does not account for interest rate changes that occurred during the delinquency period. As such, you must update the delinquent interest amount in this field.</p>





## Modeling Attributes – Borrower and Co-borrower Assets, Income, and Expenses

Refer to the following table to ensure you provide the appropriate income, asset, and expense information in each field.

Field Definition	
<b>Checking Accounts</b>	Total dollar amount of all balances for all checking accounts. This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide <a href="#">Section 9206.7(b)</a> .
<b>Savings/Money Market</b>	Total balance of all passbook and statement savings accounts, and money market accounts. Do not include retirement accounts. This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide <a href="#">Section 9206.7(b)</a> .
<b>Stocks/Bonds/CD</b>	Estimated market value of all stocks, bonds, and certificates of deposit. Do not include retirement accounts. This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide <a href="#">Section 9206.7(b)</a> .
<b>Monthly Gross Income</b>	Total monthly gross income for all borrowers on the Note plus any non-obligor documented income being used. Include any other income in this field (e.g., gross monthly rental income from other non-owner occupied rental properties, but negative net rental income from other non-owner occupied rental properties should be ignored for purposes of calculating gross income). Note that rental income received from the subject property must be documented in the Monthly Gross Rental Income field on this screen. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide <a href="#">Section 9206.7(b)</a> .
<b>Monthly Net Income</b>	Total monthly net income for all borrowers on the Note plus any non-obligor income being used.
<b>Monthly Gross Unemployment Income</b>	Total monthly gross unemployment income for all borrowers on the Note. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide <a href="#">Section 9206.7(b)</a> . <b>Note:</b> You must first comply with the unemployment forbearance requirements in Guide <a href="#">Sections 9203.22</a> through <a href="#">9203.24</a> before considering an unemployed borrower for a loan modification.



Field Definition	
<b>Monthly Gross Rental Income</b>	<p>The total gross monthly rental income the borrower receives from the subject property. This field defaults to zero.</p> <p>If you delete the value and click <b>Submit for Calc</b>, the following message displays:</p> <p style="text-align: center;"><i>“Value is required.”</i></p> <p>This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide <a href="#">Section 9206.7(b)</a>.</p>
<b>Monthly Property Taxes</b>	<p>1/12<sup>th</sup> of the required annual escrow amount for the payment of property taxes, plus the applicable monthly escrow cushion.</p> <p>You must conduct an escrow analysis for those borrowers without an escrow account to determine this amount for Flex Modification eligibility and for purposes of determining the Trial Period Plan payment for Flex Modifications.</p> <p>This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).</p>
<b>Monthly Mortgage Insurance</b>	<p>1/12<sup>th</sup> of the required annual mortgage insurance premium assessed for the property, plus the applicable monthly escrow cushion.</p>
<b>Monthly Liabilities</b>	<p>This field is no longer required. If you are prompted to enter a value, you may enter zero.</p>
<b>Monthly Hazard/Flood Insurance</b>	<p>1/12<sup>th</sup> of the annual escrow amount that you collect for the payment of hazard insurance premiums, plus the applicable monthly escrow cushion.</p> <p>1/12<sup>th</sup> of the annual flood insurance premium assessed for the property, plus the applicable monthly escrow cushion.</p> <p>You must conduct an escrow analysis for those borrowers without an escrow account to determine this amount for Flex Modification eligibility and for purposes of determining the Trial Period Plan payment for Flex Modifications.</p> <p>This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).</p>
Field Definition	
<b>Ancillary Monthly Fees</b>	<p>Total monthly homeowners' association or condo fees assessed for the property, plus the monthly amount owed under the escrow repayment plan, <u>if</u> the escrow shortage and/or advance was spread over a period of less than 60 months.</p> <p>You must conduct an escrow analysis for those borrowers without an escrow account to determine this amount for Flex Modification eligibility and for purposes of determining the Trial Period Plan payment for Flex Modifications.</p> <p>This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).</p>
<b>Monthly Living/Miscellaneous Expenses</b>	<p>This field is no longer required. If you are prompted to enter a value, you may enter zero.</p>



## Modeling Attributes – Additional Information

Refer to the following table to ensure you provide the appropriate information in each field.

Field Definition	
<b>Borrower FICO</b>	The borrower's FICO score. This is the FICO score that is input into the Treasury Net Present Value (TNPV) model. If a borrower does not have a FICO score, contact your Freddie Mac representative for further instructions. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide <a href="#">Section 9206.7(b)</a> .
<b>Co-borrower FICO</b>	The co-borrower's FICO score. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).
<b>Next ARM Reset Rate</b>	Applicable to and required for adjustable-rate mortgages (ARMs) only. If known, enter the next interest rate that will be effective on the next reset date. If the next ARM reset rate is unknown, enter the current interest rate. Workout Prospector determines if the loan is an ARM based on the data displayed in the Loan Product field. If you do not provide this information for an ARM, the following error message displays when you click <b>Save</b> : <i>"Value is required."</i>
<b>Next ARM Reset Date</b>	Date on which the interest rate is scheduled to reset. Applicable to and required for adjustable-rate mortgages (ARMs) only. Workout Prospector determines if the loan is an ARM based on the data displayed in the Loan Product field. If you do not provide this information for an ARM, the following error message displays when you click <b>Save</b> : <i>"Value is required."</i>
<b>MI Coverage Percent</b>	The mortgage insurance coverage in effect for the loan. Enter only a whole number in this field. Do not enter a decimal value.



Field Definition							
Is Borrower in Imminent Default?	<p>You must use the rules-based approach for determining imminent default for mortgage modifications in accordance with Guide <a href="#">Section 9206.7</a>, but may implement the change sooner.</p> <p>Refer to the following when using the rules-based approach for determining imminent default for modifications:</p> <div>For information on documenting imminent default in Workout Prospector, refer to Appendix C.</div>						
	<table><tr><th>If you determine the borrower:</th><th>Then select:</th></tr><tr><td>Is in imminent default</td><td>Yes</td></tr><tr><td>Is not in imminent default</td><td>No</td></tr></table>	If you determine the borrower:	Then select:	Is in imminent default	Yes	Is not in imminent default	No
	If you determine the borrower:	Then select:					
	Is in imminent default	Yes					
	Is not in imminent default	No					
If the borrower is 60 or more days delinquent, you are not required to select “Yes” or “No” from the pick list. However, you must select the appropriate eligible hardship reasons in the Hardship Reason field.							
Hardship Reasons	<p>Select the appropriate hardship reason based on the hardship documented on Form 710, <i>Mortgage Assistance Application</i>.</p> <p>If you select “Other” you must enter a description of the hardship on the Comments screen. For information about completing the Comments screen, refer to Chapter 4, <i>Document Comments for Modifications and Payment Deferrals</i>.</p> <p><b>Note:</b> You must select the appropriate eligible hardship reasons in this field regardless of whether the borrower is in imminent default.</p> <p>This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide <a href="#">Section 9206.7(b)</a>.</p>						



## Modeling Attributes – Additional Modification Inputs – Other Modifications

When you are modeling “other modifications”, the Additional Modification Inputs section of the Modeling Attributes screen displays as shown below.

Refer to the following table for a description of each field.

Field Definition	
<b>Property Condition</b>	Select one of the following from the pick list to indicate the condition of the property: <ul style="list-style-type: none"><li>▪ Condemned</li><li>▪ Abandoned</li><li>▪ N/A</li></ul>
<b>Workout Evaluation Date (Date Borrower Response Package Received)</b>	The date on which you receive a complete Borrower Response Package.
<b>Property Status Vacancy</b>	Indicates whether the property is vacant. Select “Yes” if the property is currently vacant. Select “No” if it is not vacant.
<b>Workout Decision Date (Date Borrower Evaluated for Modification)</b>	The date on which eligibility for an “other modification” is determined. The date on which you evaluate the borrower, property, and mortgage for eligibility. <ul style="list-style-type: none"><li>▪ For initial data entry, this field automatically populates with the current date.</li><li>▪ The date must not be a future date. If the date you enter is a future date, the following message displays: <i>“Cannot be a future date.”</i></li></ul>
<b>Primary Residence Monthly Mortgage Expenses (PITIAS)</b>	Enter a value greater than zero in this field if you selected “Non-Owner Occupied” or “2 <sup>nd</sup> Home” in the Property Type field. Leave this field blank for owner-occupied properties.



## Submit the Data for Calculation

After you enter data on the Mortgage Attributes and Modeling Attributes screens, you are ready to run the calculations. To do this, click **Submit for Calc**.

**Additional Modification Inputs - Flex Modification**

Property Condition:

Property Status Vacancy: ☐ Yes ☐ No

Workout Evaluation Date:  (Date Borrower Response Package received)

Workout Decision Date:  01/29/2018 (Date Borrower was decisioned for modification)

Disaster Modification: ☐

Primary Residence Mthly Mortgage Expenses (PITIAs) (\$):  0.00

Back Submit for Calc

When you click **Submit for Calc**, Workout Prospector runs a series of field validations on the Modeling Attributes screen and performs calculations to determine the terms of a modification solution. However, you must ensure that the terms are consistent with the Guide and your delegated decision-making authority.

If:	Then:
There are no field validation errors	The Modification Solution screen displays.
There are field validation errors	Make the necessary corrections to the data you entered and click <b>Submit for Calc</b> .



## Modification Solution for “Other Modifications”

The Modification Solution screen for “other modifications” provides a comparison between the terms of the existing mortgage and the proposed terms of the modification.

**Modification Type: Other modifications**

**Loan Attributes**

	Current	New	Difference
Interest Rate (%):	5.750	5.750	0.000
Remaining Term (in months):	120	480	360
UPB (\$):	190,160.89	204,739.89	14,579.00
Mortgage P&I Payment :	1,000.00	1,091.03	-9.10
PITIAS (\$):	1,000.00	1,091.03	91.03
DCR:			0.000

**Total Capitalized Arrears**

Total Capitalized Arrears (\$): 14,579.00

**Delinquent Interest**

Delinquent Interest (\$): 14,579.00

Ability to Pay P&I (\$):

Ability to Pay Rate (%):

Monthly Gross Rental Income (\$): 0.00

Monthly Net Rental Income (\$): 0.00

**UPB**

Interest Bearing UPB (\$): 204,739.89

Forbearred UPB (\$): 0.00 (Principal Forbearance Amount)

Gross UPB (\$): 204,739.89

**Dates**

Interest Rate Change Date: 12/01/2016

First Payment Due Date: 01/01/2017

Maturity Date: 12/01/2056

**Ratios**

DTI Ratio:

Pre-Modified MTM LTV (%): 65.130

Post-Modified MTM LTV (%): 66.433

**Modification Sign Off**

Signed Final Document Received Date:

Modification Status: DRAFT

Decline Reason:

Back

Save Solution



Field Definition	
Interest Rate	<p><b>Current:</b> The interest rate currently payable under the Note terms. Note: For loans to service members who are receiving a reduced rate and payment relief under the Servicemembers Civil Relief Act, the current interest rate is equal to the interest rate in effect prior to implementation of the temporary SCRA interest rate.</p> <p><b>New:</b> The interest rate of the modified mortgage. This field defaults to the current interest rate payable under the Note terms, and can be edited. The value you enter cannot be less than one percent or greater than 15 percent. If you edit the value in this field, the new DCR, new PITIAS, and new Mortgage P&amp;I Payment fields recalculate.</p> <p><b>Difference:</b> The difference between the current interest rate for the existing mortgage and the new interest rate for the modification.</p>
Remaining Term	<p><b>Current:</b> The remaining term, in number of months, of the existing mortgage, starting from the Evaluation Date.</p> <p><b>New:</b> The remaining term of the modified mortgage, starting from the First Payment Due Date to the maturity date of the loan. This field defaults to 480 months and can be edited. If you edit the value in this field, the new DCR, new Mortgage P&amp;I Payment, new PITIAS, new DCR, new DTI, Ability to Pay P&amp;I, Ability to Pay Rate, and Maturity Date fields recalculate based on the remaining term you entered.</p> <p><b>Difference:</b> The difference between the current term of the existing mortgage, and the term of the modified mortgage, in number of months.</p>
UPB	<p><b>Current:</b> The current unpaid principal balance (UPB) of the existing mortgage.</p> <p><b>New:</b> The UPB of the modified mortgage. This amount is equal to the current UPB for the existing mortgage, plus total capitalized arrearages.</p> <p><b>Difference:</b> The difference between current UPB and the amortizing UPB for the modified mortgage.</p>
Mortgage P&I Payment	<p><b>Current:</b> The current P&amp;I portion of the borrower's monthly payment for the existing mortgage. Note: For loans to service members who are receiving a reduced rate and payment relief under the Servicemembers Civil Relief Act, the current P&amp;I is equal to the principal and interest payment (or interest only or minimum amount payment) in effect prior to implementation of the temporary SCRA interest rate and related payment relief.</p> <p><b>New:</b> The P&amp;I portion of the borrower's monthly payment for the modified mortgage.</p> <p><b>Difference:</b> The difference between the P&amp;I monthly payment for the existing and modified mortgage, reflected as a percentage.</p>





Field Definition	
PITIAS	<p>Workout Prospector calculates the PITIAS as follows:</p> <p><b>Current:</b> Current P&amp;I Payment + Monthly Property Taxes and applicable escrow cushion + Monthly Hazard/Flood Insurance and applicable escrow cushion + applicable Ancillary Monthly Fees (e.g., HOA, Condo, Coop, and ground rent) + Actual Monthly Escrow Shortage</p> <p><b>New:</b> New P&amp;I Payment + Monthly Property Taxes and applicable escrow cushion + Monthly Hazard/Flood Insurance and applicable escrow cushion + applicable Ancillary Monthly Fees (e.g., HOA, Condo, Coop, and ground rent) + Projected Monthly Escrow Shortage</p> <p><b>Difference:</b> The PITIAS for the modified mortgage minus the PITIAS for the existing mortgage.</p>
DCR	<p>The debt coverage ratio.</p> <p><b>Current:</b> The debt coverage ratio for the existing mortgage.</p> <p><b>New:</b> The debt coverage ratio for the modified mortgage. This field is available for edit. If you edit the value in this field, the new Interest Rate, new Mortgage P&amp;I Payment, and new PITIAS fields recalculate based on the DCR you entered.</p> <p><b>Difference:</b> The difference between the debt coverage ratios for the existing mortgage and modified mortgage.</p>
Total Capitalized Arrears	<p>The amount displayed is equal to non-interest arrears plus interest arrears that have accrued from the last paid installment date through the day prior to the modified interest rate change date.</p> <div><div>Legal Fees and Costs</div><div>+ Property Preservation</div><div>+ Other Advances</div><div>+ Delinquent Interest</div><div>- Suspense/Restricted Escrow</div><div>- Borrower Contribution</div><div><hr/></div><div>= Total Capitalized Arrears</div></div>



Field Definition	
<b>Delinquent Interest</b>	<p>Delinquent interest auto-populates and is editable. It is the total amount of delinquent interest that has accrued or will accrue from the DDLPI through the end of the trial period.</p> <p>Workout Prospector will calculate the amount of delinquent interest as follows:</p> <p><math>(UPB \times \text{Interest Rate}) \div 12 \times \text{Number of months from DDLPI through the effective date of the modification interest rate change}</math></p> <p>Ensure that you account for any interest rate changes that occurred from the DDLPI through the effective date of the modification interest rate change.</p> <p>This value may change when you determine the final modified terms. When determining the final modified terms, the UPB and DDLPI used in the above calculation must be the UPB and DDLPI reported to Freddie Mac as of the accounting cycle prior to the first modified payment due date.</p> <p><b>Note:</b> Delinquent interest must not be calculated using a “declining balance method” when the borrower has not been making any payments.</p>
<b>Ability to Pay P&amp;I</b>	The amount of principal and interest the borrower is able to pay based on a 1.2 DCR.
<b>Ability to Pay Rate</b>	The ability to pay rate based on a 1.2 DCR.
<b>Monthly Gross Rental Income</b>	The total monthly gross rental income the borrower receives, if applicable.
<b>Monthly Net Rental Income</b>	<p>Workout Prospector calculates net rental income (or loss) by subtracting the post-modification monthly debt service (i.e., principal, interest, taxes, and insurance, including mortgage insurance and association fees, if applicable) on the property from the amount that is 75 percent of the monthly gross rental income. This value is calculated only when Non-Owner Occupied is selected in the Current Property Type field.</p> <p>Workout Prospector will use the following calculation to determine this value when you click <b>Submit for Calc</b>:</p> <p><math>(\text{Monthly Gross Rental Income} \times 75 \text{ percent}) - \text{New PITIAS} = \text{Monthly Net Rental Income}</math></p> <p>The result may be zero, or a positive or negative value.</p>
<b>Interest Bearing UPB</b>	<p>The UPB of the modified mortgage. This amount is equal to the current UPB for the existing mortgage, plus total capitalized arrears. This amount does not include any forbore principal. The borrower's monthly P&amp;I payment is calculated based on the interest bearing UPB.</p> <p>This field is available for edit. If you edit the value in this field the new Mortgage P&amp;I Payment, new PITIAS, new DCR, new DTI, Ability to Pay P&amp;I, and Ability to Pay Rate fields will recalculate.</p> <p>You must also edit the value in the Forbeared UPB field so that the Interest Bearing UPB and Forbeared UPB equal the Gross UPB.</p>



Field Definition	
<b>Forbearance UPB (Principal Forbearance Amount)</b>	Total amount of principal forbore. This field defaults to zero and can be edited. If you edit the value in this field, the Interest Bearing UPB, new Mortgage P&I Payment, new PITIAS, new DCR, new DTI, Ability to Pay P&I, and Ability to Pay Rate fields recalculate based on the value you entered. If you forbear principal, you must add a balloon payment for the amount of the principal forbearance. The balloon payment will be due on transfer, at payoff, or at maturity. Interest will not accrue on the forbore principal balance.
<b>Gross UPB</b>	Interest-bearing UPB plus the non-interest bearing forbore UPB equals the gross UPB.
<b>Interest Rate Change Date</b>	The date on which the new interest rate on the modified mortgage will be effective. This field is available for edit. If you edit the date in this field, the First Payment Due Date and Maturity Date fields recalculate based on the interest rate change date you entered.
<b>First Payment Due Date</b>	Date on which the first modified mortgage payment is due. Workout Prospector calculates the First Payment Due Date based on the date displayed in the Interest Rate Change Date field. This field is not available for edit.  Once the modification is effective, the terms of the modified mortgage are established so that the first payment due under the modified mortgage pays interest in arrears that accrued during the month prior to the First Payment Due Date under the modified terms.
<b>Maturity Date</b>	Date on which the modified mortgage matures. This field is available for edit. If you edit the date in this field, the new Remaining Term, new Mortgage P&I Payment, new PITIAS, new DCR, new DTI, Ability to Pay P&I, and Ability to Pay Rate fields recalculate.
<b>DTI Ratio</b>	The debt-to-income ratio for the subject property. <b>For owner-occupied properties</b> , Workout Prospector calculates the DTI as follows: $\text{New PITIAS} \div \text{Monthly Gross Employment Income} = \text{DTI Ratio}$ <b>For second homes</b> , Workout Prospector calculates the DTI as follows: $(\text{New PITIAS} + \text{Primary Residence PITIAS}) \div \text{Monthly Gross Employment Income} = \text{DTI Ratio}$ <b>For non-owner-occupied properties when the monthly net rental income is zero or value greater than zero</b> , Workout Prospector calculates the DTI as follows: $\text{Primary Residence PITIAS} \div (\text{Monthly Gross Employment Income} + \text{Monthly Net Rental Income}) = \text{DTI Ratio}$ <b>For non-owner-occupied properties when the monthly net rental income is a value less than zero</b> , Workout Prospector calculates the DTI as follows: $(\text{Primary Residence PITIAS} + \text{Monthly Net Rental Income}) \div \text{Monthly Gross Employment Income} = \text{DTI Ratio}$

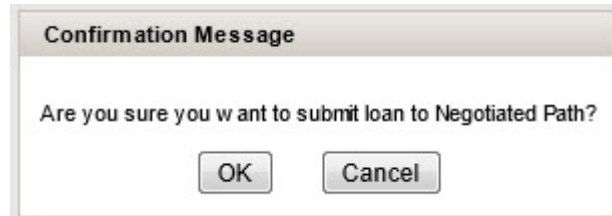


Field Definition	
<b>Pre-modified MTM LTV</b>	<p>The mark-to-market loan to value ratio of the existing mortgage. The ratio is based upon the gross principal balance of the mortgage and the current value of the property.</p> <p>Current UPB divided by the Property Value multiplied by 100 = Pre-modified MTMLTV</p>
<b>Post-modified MTM LTV</b>	<p>The mark-to-market loan to value ratio of the modified mortgage. The ratio is based upon the modified interest-bearing principal balance of the mortgage and the current value of the property.</p> <p>Modified interest-bearing UPB divided by the Property Value multiplied by 100 = Post-modified MTMLTV</p>
<b>Signed Final Documents Received Date</b>	Enter the date you received the executed modification agreements from the borrower.
<b>Signed Final Documents Received Date</b>	Enter the date you received the executed modification agreements from the borrower.
<b>Modification Status</b>	<p>The current status of the modification. For “Other modifications” only the following statuses are available for selection:</p> <ul style="list-style-type: none"><li>▪ Draft</li><li>▪ Modification Program – Borrower Declined Terms/Ineligible</li></ul> <p><b>Note:</b> Although this status is available, do not select this status for RHS Section 502 Guaranteed Rural Housing Mortgage modifications. You should not enter data for RHS Section 502 Guaranteed Rural Housing Mortgage modifications until you receive the approval letter from RHS.</p> <p>Refer to Appendix B for information on the modification statuses.</p>
<b>Decline Reason</b>	Not applicable to modifications on RHS mortgages.

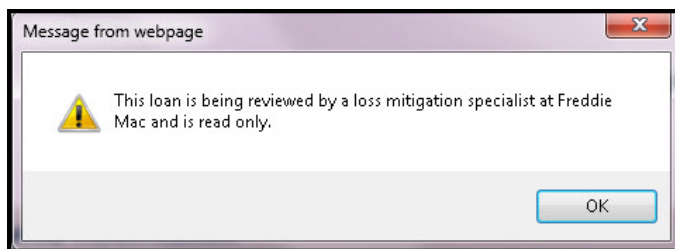


## Transmit “Other Modifications” to Freddie Mac

After you have entered all required data, click the **Send to FM** button to submit the “other modification” to us. The following message displays:



Click **OK**. The Modification Solution screen redisplay with the following message:



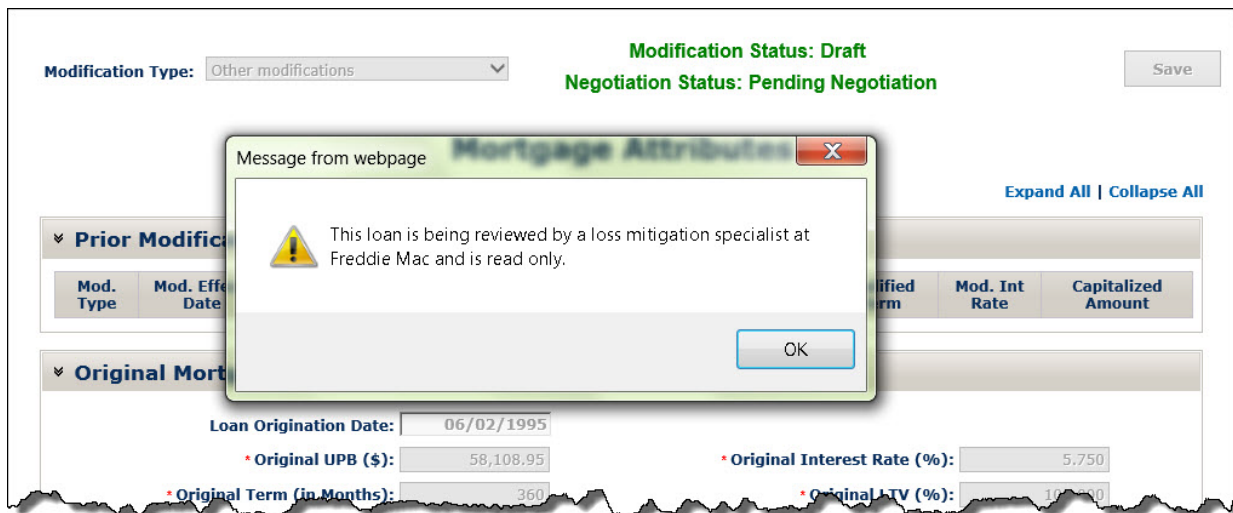
Click **OK** to close the message.

All fields are grayed and are not available for edit.

## After You Transmit the “Other Modification” Model to Us

After you transmit the model to us, it is in a “Pending Review” status and is read-only.

If you retrieve the model in Workout Prospector while it is pending our review, the following message displays:





## After We Complete Our Review of “Other Modifications”

After we complete our review, we will approve or decline the modification for settlement.

If we approve the modification for settlement, the following screens display as shown below. You may view the model, however, cannot make any changes to it.

The screenshot shows the 'Modeling Attributes' screen. At the top, 'Modification Type' is set to 'Other mods' with a dropdown arrow. To the right, 'Modification Status' is displayed in green text as 'Modification Approve'. A 'Save' button is in the top right corner. Below the title, there is a section with a 'Expand All | Collapse All' link. A red arrow points from the text box to the 'Modification Status' text.

**Modification Type:** Other mods Other modifications **Modification Status:** Modification Approve Save

### Modeling Attributes

[Expand All](#) | [Collapse All](#)

The Modification Status on the Modeling Attributes screen is “Modification Approve.”  
All fields on the Mortgage Attributes and Modeling Attributes screens are disabled and cannot be changed.

The screenshot shows the 'Modification Solution' screen. At the top, under the 'Ratios' section, are three input fields: 'DTI Ratio: 0.000', 'Pre-Modified MTM LTV (%): 48.037', and 'Post-Modified MTM LTV (%): 51.484'. Below this is a 'Modification Sign Off' section. It contains 'Signed Final Document Received Date: 02/05/2015' with a calendar icon, 'Modification Status: MODIFICATION PROGRAM-APPROVE' with a dropdown arrow, and 'Decline Reason:' with a dropdown arrow. A 'Save Solution' button is at the bottom right. A red arrow points from the text box to the 'Modification Status' dropdown.

**Ratios**

DTI Ratio: 0.000 Pre-Modified MTM LTV (%): 48.037 Post-Modified MTM LTV (%): 51.484

### Modification Sign Off

Signed Final Document Received Date: 02/05/2015

**Modification Status:** MODIFICATION PROGRAM-APPROVE

**Decline Reason:**

Save Solution

On the Modification Solution screen, the Modification Status pick list displays the “Modification Program – Approve” status.  
The Signed Final Document Received Date reflects the date we approved the modification for settlement.  
All fields are disabled and cannot be changed.



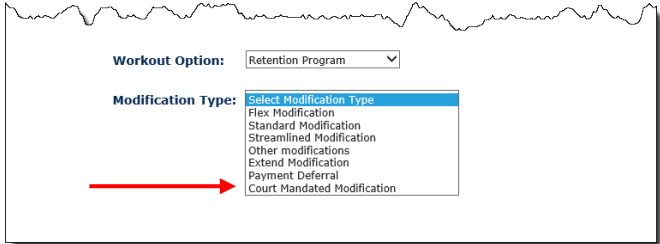
If we decline the modification for settlement, the Borrower Information screen displays when you retrieve the loan record. The status will move to “Modification Program – Borrower Declined Terms/Ineligible”

## Court Mandated Modifications

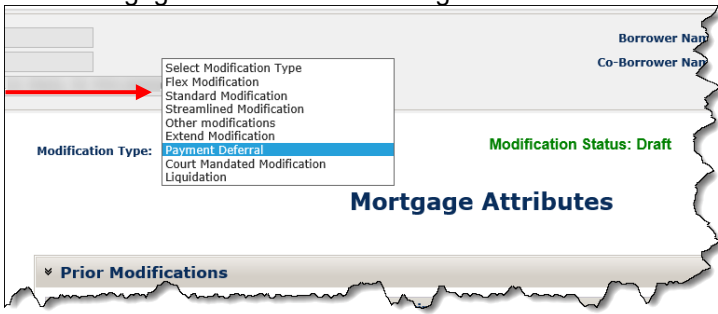
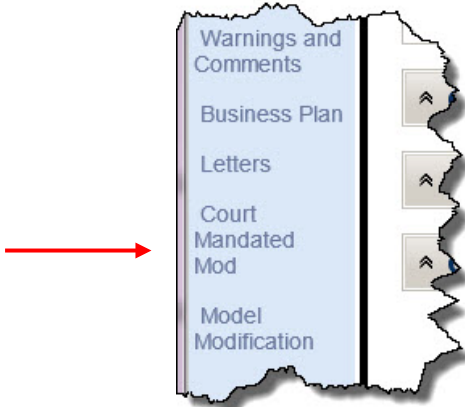
You may enter a court mandated modification into Workout Prospector, even if another model is in progress. The model already in progress will be closed when you confirm that you want to model a court mandated modification.

The requirements applicable to court mandated modifications are also applicable to modifications that are the result of court approved settlements of litigation.

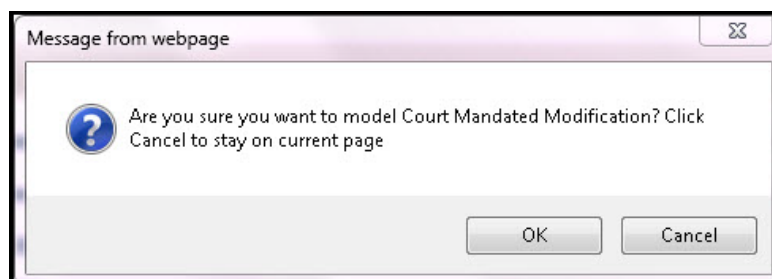
There are three ways you can access the Court Mandated Modification screen in Workout Prospector:

If:	Then:
You are creating a new model in Workout Prospector	<p>Select <b>Court Mandated Mod</b> from the Modification Type pick list when you create the model.</p> 



<p>A Flex Modification is in progress</p>	<p>Select <b>Court Mandated Mod</b> from the Modification Type pick list on the Mortgage Attributes or Modeling Attributes screens.</p> 
<p>A liquidation option is in progress</p>	<p>Select <b>Court Mandated Mod</b> from the To Do List.</p> 

When a model for the loan already exists in Workout Prospector, the following message displays when you access the Court Mandated Modification screen:



Click **OK** to continue with data entry for a court mandated modification.





# The Court Mandated Modification Screen

When you select Court Mandated Mod from the Modification Type pick list or the To Do List, the following screen displays:

Current Status: Draft Send To FM Save

### Court Mandated Modification

Court Mandated Modification	Current UPB Plus Additions
* Modification Type: <input type="text"/>	DDLPI: 01/01/2016
* Bankruptcy Type: <input type="text"/>	Current UPB (\$): 156,083.00
* Modified Note Rate (%): <input type="text"/>	Interest from DDLPI to Mod Effective Date (\$): <input type="text"/>
Accounting Net Yield (%): <input type="text"/>	* Other Amounts Advanced or to be Advanced (\$): <input type="text"/>
* Mod Effective Date: <input type="text"/>	* Legal Fees and Costs (\$): <input type="text"/>
First Payment Due Date: <input type="text"/>	* Property Preservation Expenses (\$): <input type="text"/>
* Term of the Mod (in months): <input type="text"/>	Total Additions Plus Current UPB (\$): 156,083.00
Maturity Date: <input type="text"/>	<b>Subtractions To Principal Balance</b>
* Confirmation Date: <input type="text"/>	Amount Held In Suspense/Restricted Escrow (\$): <input type="text"/>
* P & I (\$): <input type="text"/>	Total Write-off (\$): 156,083.00
* UPB at Confirmation (\$): <input type="text"/>	Deferred Non Interest Bearing UPB (\$): <input type="text"/>
* DDLPI at Confirmation: <input type="text"/>	* Interest Bearing Modified UPB (\$): <input type="text"/>
* UPB Write-down (\$): <input type="text"/>	
Balloon: <input type="checkbox"/>	
Step Rate: <input type="checkbox"/>	

Refer to the following table to ensure you provide the appropriate data in each field.

Field Definition		
Modification Type	Select one of the following as the modification type:	
	<ul style="list-style-type: none"><li>▪ Bankruptcy</li><li>▪ Litigation</li></ul>	
	If you select:	Then:
	Bankruptcy	The Bankruptcy Type pick list is available.
Bankruptcy Type	Select the bankruptcy chapter (Chapter 11, 12, or 13) from the pick list. This pick list is available only when you select "Bankruptcy" in the Modification Type field.	
Modified Note Rate	The interest rate payable under the Note as of the effective date of the court mandated modification. The value must be between zero percent and 15 percent.	
Accounting Net Yield	The accounting net yield (ANY) based on the modified mortgage terms. The ANY is the difference between the modified Note rate and the servicing spread on the modified mortgage. This value automatically calculates when you enter a value in the Modified Note Rate field. <b>Note:</b> If the value in the Modified Note Rate field is zero percent, this field will also display zero percent.	



Field Definition	
<b>Mod Effective Date</b>	<p>The date that the new interest rate is effective, which is also the effective date of the modification.</p> <p>The date you enter must be the first day of a month. Otherwise, the field will automatically change the date to the first of the month when you leave the data field. For example, if you enter 4/05/2016, the date will automatically change to 4/01/2016.</p> <p>The date cannot be a future date.</p>
<b>First Payment Due Date</b>	<p>The date that the first modified mortgage payment is due for the court mandated modification. This field automatically populates when you enter the Mod Effective Date.</p>
<b>Term of the Mod (In Months)</b>	<p>The full term of the modified mortgage, reflected in number of months. The number of months cannot exceed 480.</p>
<b>Maturity Date</b>	<p>The date that the modified mortgage matures. This field automatically populates when you enter a value in the Term of the Mod field.</p>
<b>Confirmation Date</b>	<p>The date that a Chapter 12 or 13 bankruptcy plan was confirmed or a reorganization plan was agreed to for a Chapter 11 bankruptcy.</p> <p>The date cannot be a future date.</p>
<b>P&amp;I</b>	<p>The principal and interest portion of the borrower's monthly payment for the modified mortgage.</p> <p>This value automatically calculates when you enter a value in the Interest Bearing Modified UPB field.</p> <p>This field is available for edit only when the Balloon check box is selected.</p>
<b>UPB at Confirmation</b>	<p>The UPB as of the date a Chapter 12 or 13 bankruptcy plan was confirmed or a reorganization plan was agreed to for a Chapter 11 bankruptcy.</p>
<b>DDLPI at Confirmation</b>	<p>The DDLPI as of the date a Chapter 12 or 13 bankruptcy plan was confirmed, or a reorganization plan was agreed to for a Chapter 11 bankruptcy.</p> <p>The date you enter must be the first day of a month. Otherwise, the field will automatically change the date to the first of the month when you leave the data field. For example, if you enter 4/05/2016, the date will automatically change to 4/01/2016.</p> <p>The Interest from DDLPI to Mod Effective Date field automatically populates when you enter a date in this field.</p>



Field Definition	
<b>UPB Write-Down</b>	<p>The amount of principal that the bankruptcy court either discharges and/or is no longer subject to the lien.</p> <p>This value should always be less than or equal to the value calculated and displayed in the Total Write-off field.</p> <p>For court mandated modifications where the interest bearing modified UPB is greater than the pre-modified UPB, ensure that you enter zero in this field.</p> <p>See “Special Instructions for Completing the UPB Write-Down and Interest Bearing Modified UPB Fields” in this chapter.</p>
<b>Balloon</b>	<p>Select this check box if you are entering a court mandated modification with a balloon payment.</p> <p>The P&amp;I field is available for edit when this check box is selected.</p>
<b>Step Rate</b>	<p>Select this check box if you are entering a court mandated modification with multiple steps (i.e., interest rate changes). When you select this check box, the Step Rates table displays.</p>



Field Definition																			
Step Rates Table	<p>Step rate data displays when you select the Step Rate check box.</p> <div><div><div>Current Status: Draft</div><div>Send To FM</div><div>Save</div></div><div><div>Court Mandated Modification</div><div><div><div>Court Mandated Modification</div><div><div>Modification Type: <div></div></div><div>Bankruptcy Type: <div></div></div><div>Modified Note Rate (%): <div></div></div><div>Accounting Net Yield (%): <div></div></div><div>Mod Effective Date: <div></div></div><div>First Payment Due Date: <div></div></div><div>Term of the Mod (in months): <div></div></div><div>Maturity Date: <div></div></div><div>Confirmation Date: <div></div></div><div>P &amp; I (\$): <div></div></div><div>UPB at Confirmation (\$): <div></div></div><div>DDLPI at Confirmation: <div></div></div><div>UPB Write-down (\$): <div></div></div><div>Balloon: <input type="checkbox"/></div><div>Step Rate: <input checked="" type="checkbox"/></div></div><div><div>Step Rates</div><table><thead><tr><th>Step</th><th>Rate (%)</th><th>Term</th></tr></thead><tbody><tr><td>1</td><td><div></div></td><td><div></div></td></tr><tr><td>2</td><td><div></div></td><td><div></div></td></tr><tr><td>3</td><td><div></div></td><td><div></div></td></tr><tr><td>4</td><td><div></div></td><td><div></div></td></tr><tr><td>5</td><td><div></div></td><td><div></div></td></tr></tbody></table></div><div><div>Current UPB Plus Additions</div><div>DDLPI: <div></div></div><div>Current UPB (\$): <div>156,063.09</div></div><div>Interest from DDLPI to Mod Effective Date (\$): <div></div></div><div>Other Amounts Advanced or to be Advanced (\$): <div></div></div><div>Legal Fees and Costs (\$): <div></div></div><div>Property Preservation Expenses (\$): <div></div></div><div>Total Additions Plus Current UPB (\$): <div>156,063.09</div></div><div>Subtractions To Principal Balance</div><div>Amount Held In Suspense/Restricted Escrow (\$): <div></div></div><div>Total Write-off (\$): <div>156,063.09</div></div><div>Deferred Non Interest Bearing UPB (\$): <div></div></div><div>Interest Bearing Modified UPB (\$): <div></div></div></div></div></div><div>The Step Rates table displays only when the Step Rate check box is selected.</div></div></div>	Step	Rate (%)	Term	1	<div></div>	<div></div>	2	<div></div>	<div></div>	3	<div></div>	<div></div>	4	<div></div>	<div></div>	5	<div></div>	<div></div>
	Step	Rate (%)	Term																
	1	<div></div>	<div></div>																
	2	<div></div>	<div></div>																
	3	<div></div>	<div></div>																
4	<div></div>	<div></div>																	
5	<div></div>	<div></div>																	
<p>Refer to the following table to ensure you are providing the appropriate data in each field of the Step Rates table.</p>																			
	<table><tr><td>Step</td><td>Identifies the step number. You may enter a maximum of five steps.</td></tr><tr><td>Rate</td><td>The interest rate in effect through the number month indicated in the term column. The rate for the first step automatically populates with the value entered in the Modified Note Rate field.</td></tr><tr><td>Term</td><td>Identifies the number month through which the interest rate is effective.  The value entered for the last step in this field must equal the value entered in the Term of the Mod field. If it does not, the following message displays when you attempt to save the model:  “The Term of the last step must equal the Term of the Mod (in months).”</td></tr></table>	Step	Identifies the step number. You may enter a maximum of five steps.	Rate	The interest rate in effect through the number month indicated in the term column. The rate for the first step automatically populates with the value entered in the Modified Note Rate field.	Term	Identifies the number month through which the interest rate is effective.  The value entered for the last step in this field must equal the value entered in the Term of the Mod field. If it does not, the following message displays when you attempt to save the model:  “The Term of the last step must equal the Term of the Mod (in months).”												
Step	Identifies the step number. You may enter a maximum of five steps.																		
Rate	The interest rate in effect through the number month indicated in the term column. The rate for the first step automatically populates with the value entered in the Modified Note Rate field.																		
Term	Identifies the number month through which the interest rate is effective.  The value entered for the last step in this field must equal the value entered in the Term of the Mod field. If it does not, the following message displays when you attempt to save the model:  “The Term of the last step must equal the Term of the Mod (in months).”																		
DDLPI	<p>The due date of the last paid installment as of the modification effective date, which is the DDLPI you reported to Freddie Mac as of the last accounting cycle prior to the first modified payment due date.</p> <p>This field automatically populates and is not available for edit.</p>																		
Current UPB	<p>The unpaid principal balance reported to Freddie Mac as of the last accounting cycle prior to the first modified payment due date.</p> <p>This field automatically populates and is not available for edit.</p>																		



Field Definition	
<b>Interest from DDLPI to Mod Effective Date</b>	<p>The amount of interest accrued from the DDLPI to the modification effective date.</p> <p>This field automatically populates when you enter values in the DDLPI at Confirmation and UPB at Confirmation fields.</p>
<b>Other Amounts Advanced or to be Advanced</b>	<p>The total amount for any of the following expenses:</p> <ul style="list-style-type: none"><li>Funds advanced by you, or to be advanced and paid to a third party for the payment of real estate taxes and insurance premiums (<b>Reminder:</b> You may only capitalize the first incurred late fee, interest, or penalty associated with the late payment of real estate taxes on a non-escrowed mortgage.)</li><li>Any other expenses that were advanced and paid to a third party as specified in Guide Sections <a href="#">9301.34</a> and <a href="#">9701.5</a>.</li></ul> <p>If there are no other amounts advanced or to be advanced, enter zero in this field.</p>
<b>Legal Fees and Costs</b>	<p>Foreclosure expenses, including legal fees and costs incurred as part of the foreclosure process, incurred from the DDLPI to the effective date of the modification.</p> <p>If there are no legal fees or costs, enter zero in this field.</p>
<b>Property Preservation Expenses</b>	<p>Property preservation expenses, including property inspection fees, incurred from the DDLPI to the effective date of the modification.</p> <p>If there are no property preservation expenses, enter zero in this field.</p>
<b>Total Additions Plus Current UPB</b>	<p>This field automatically populates and is calculated as follows:</p> <p>Current UPB + Interest from DDLPI to Mod Effective Date + Other Amounts Advanced or to be Advanced + Legal Fees and Costs + Property Preservation Expenses</p>
<b>Amount Held in Suspense/ Restricted Escrow</b>	<p>The sum of the following:</p> <ul style="list-style-type: none"><li>Funds held in suspense</li><li>Restricted escrow</li></ul>
<b>Total Write-off</b>	<p>The total amount to be written off. This field automatically populates and is calculated as follows:</p> <p>Total Additions Plus Current UPB – Interest Bearing Modified UPB</p> <p><b>Note:</b> This value should never be a negative number. A negative value indicates that data is missing or inaccurate. Ensure that you have entered all required data accurately.</p>



Field Definition	
<b>Deferred Non-Interest Bearing UPB</b>	Total amount of principal forborne as of the modification effective date. <b>Note:</b> Do not include any write-off amount or unsecured portion of the UPB in this field. These amounts are already reflected in the UPB Write-Down and Total Write-off fields. The value entered in this field should only reflect forbearance/non-interest bearing portions of the UPB which are generally not common for court mandated modifications.
<b>Interest Bearing Modified UPB</b>	The UPB of the modified mortgage as of the modification effective date. This amount does not include any forborne principal. Total Additions Plus Current UPB – Total Write-off – Deferred Non-Interest Bearing UPB = Interest Bearing Modified UPB See “Special Instructions for Completing the UPB Write-Down and Interest Bearing Modified UPB Fields” in this chapter.



## Special Instructions for Completing the UPB Write-Down and Interest Bearing Modified UPB Fields

Refer to the information in this section when entering the following court mandated modifications:

- Bankruptcy cramdown with UPB write-off and no payments passed through after confirmation
- Bankruptcy cramdown with UPB write-off and payments passed through after confirmation
- Total debt modification – no UPB write-off and no payments passed through after confirmation
- Total debt modification – no UPB write-off and payments passed through after confirmation

### Bankruptcy Cramdown with UPB Write-off and No Payments Passed Through after Confirmation

Enter the required data and refer to the following when completing the UPB Write-Down and Interest Bearing Modified UPB fields:

1. Enter the court ordered interest bearing UPB in the Interest Bearing Modified UPB field.  
In this example, the court ordered interest bearing UPB is \$85,000.

UPB at Confirmation (\$): 150,264.98  
DDLPI at Confirmation: 12/01/2015  
UPB Write-down (\$):  
Interest Bearing Modified UPB (\$): 85,000.00

2. Subtract the value entered in the Interest Bearing Modified UPB field from the value entered in the UPB at Confirmation field.  
Example:  $\$150,264.98 - \$85,000 = \$65,264.98$
3. Enter the result from step 2 in the UPB Write-Down field.

UPB at Confirmation (\$): 150,264.98  
DDLPI at Confirmation: 12/01/2015  
UPB Write-down (\$): 65,264.98  
Interest Bearing Modified UPB (\$): 85,000.00

## Bankruptcy Cramdown with UPB Write-Off and Payments Passed Through after Confirmation

Enter the required data and refer to the following when completing the UPB Write-Down and Interest Bearing Modified UPB fields:

1. Subtract the court ordered interest bearing UPB from the value entered in the UPB at Confirmation field. This is the amount of principal to be written off.  
In this example, the value entered in the UPB at Confirmation field is \$164,264.98 and the court ordered interest bearing UPB is \$85,000.



$$\$164,264.98 - \$85,000 = \$79,264.98$$

2. Enter the result from step 1 in the UPB Write-Down field.

* P & I (\$):	381.14	Total Write-off (\$):	82,692.75
* UPB at Confirmation (\$):	164,264.98	Deferred Non Interest Bearing UPB (\$):	
* DDLPI at Confirmation:	12/01/2015	* Interest Bearing Modified UPB (\$):	
* UPB Write-down (\$):	79,264.98		

3. Determine the total payment amount passed through. To do this, subtract the value displayed in the Current UPB field from the value entered in the UPB at Confirmation field.

In this example, the value in the Current UPB field is \$150,264.98 and the value entered in the UPB at Confirmation field is \$164,264.98.

* Modification Type:	Bankruptcy	DDLPI:	12/01/2015
* Bankruptcy Type:	Chapter 11	* Current UPB (\$):	150,264.98
* Modified Note Rate (%):	5.000	Interest from DDLPI to Mod Effective Date (\$):	427.77
Accounting Net Yield (%):	4.750	* Other Amounts Advanced or to be Advanced (\$):	1,000.00
* Mod Effective Date:	01/01/2016	* Legal Fees and Costs (\$):	1,000.00
First Payment Due Date:	02/01/2016	* Property Preservation Expenses (\$):	1,000.00
* Term of the Mod (in months):	360	Total Additions Plus Current UPB (\$):	153,692.75
Maturity Date:	01/01/2046	<b>Subtractions To Principal Balance</b>	
* Confirmation Date:	12/01/2015	Amount Held In Suspense/Restricted Escrow (\$):	0.00
* P & I (\$):	381.14	Total Write-off (\$):	82,692.75
* UPB at Confirmation (\$):	164,264.98	Deferred Non Interest Bearing UPB (\$):	
* DDLPI at Confirmation:	12/01/2015	* Interest Bearing Modified UPB (\$):	
* UPB Write-down (\$):	79,264.98		

$$\$164,264.98 - \$150,264.98 = \$14,000 \text{ (total payment amount passed through)}$$

Do not enter this value on the screen. You will use it in step 4.

4. Determine the value to enter in the Interest Bearing Modified UPB field. To do this, subtract the total payment amount passed through (the amount you calculated in step 3) from the court ordered interest bearing UPB.

In this example, the court ordered interest bearing UPB is \$85,000. The total payment amount passed through, as calculated in step 3, is \$14,000.

$$\$85,000 - \$14,000 = \$71,000$$

5. Enter the result from step 4 in the Interest Bearing Modified UPB field.





Confirmation Date:	12/01/2015	Amount Held In Suspense/Restricted Escrow (\$):	0.00
P & I (\$):	381.14	Total Write-off (\$):	82,692.75
UPB at Confirmation (\$):	164,264.98	Deferred Non Interest Bearing UPB (\$):	
DDLPI at Confirmation:	12/01/2015	Interest Bearing Modified UPB (\$):	71,000.00
UPB Write-down (\$):	79,264.98		

### Total Debt Modification – No UPB Write-off and No Payments Passed Through after Confirmation

Enter the required data and refer to the following when completing the UPB Write-Down and Interest Bearing Modified UPB fields:

1. Enter zero in the UPB Write-Down field.
2. Enter the court ordered interest bearing UPB in the Interest Bearing Modified UPB field.

In this example, the court ordered interest bearing UPB is \$151,656.30.

UPB at Confirmation (\$):	150,264.98	Deferred Non Interest Bearing UPB (\$):	
DDLPI at Confirmation:	12/01/2015	Interest Bearing Modified UPB (\$):	151,656.30
UPB Write-down (\$):	0.00		

### Total Debt Modification – No UPB Write-off and Payments Passed Through after Confirmation

Enter the required data and refer to the following when completing the UPB Write-Down and Interest Bearing Modified UPB fields:

1. Enter zero in the UPB Write-Down field.
2. Determine the total payment amount passed through. To do this, subtract the value displayed in the Current UPB field from the value entered in the UPB at Confirmation field.

In this example, the Current UPB equals \$15,523.98 and the UPB at Confirmation equals \$17,523.98.

$\$17,523.98 - \$15,523.98 = \$2,000$  (total payment amount passed through)

Do not enter this value on the screen. You will use it in step 3.

Court Mandated Modification		Current UPB Plus Additions	
Modification Type:	Bankruptcy	DDLPI:	08/01/2015
Bankruptcy Type:	Chapter 13	Current UPB (\$):	15,523.98
Modified Note Rate (%):	7.500	Interest from DDLPI to Mod Effective Date (\$):	5,000.00
Accounting Net Yield (%):	7.250	Other Amounts Advanced or to be Advanced (\$):	2,000.00
Mod Effective Date:	03/01/2015	Legal Fees and Costs (\$):	100.00
First Payment Due Date:	04/01/2015	Property Preservation Expenses (\$):	0.00
Term of the Mod (in months):	60	Total Additions Plus Current UPB (\$):	22,623.98
Maturity Date:	03/01/2020	<b>Subtractions To Principal Balance</b>	
Confirmation Date:	09/29/2015	Amount Held In Suspense/Restricted Escrow (\$):	0.00
P & I (\$):	413.26	Total Write-off (\$):	2,000.00
UPB at Confirmation (\$):	17,523.98	Deferred Non Interest Bearing UPB (\$):	
DDLPI at Confirmation:	07/01/2015	Interest Bearing Modified UPB (\$):	
UPB Write-down (\$):	0.00		
Balloon:	<input type="checkbox"/>		
Step Rate:	<input type="checkbox"/>		



3. Determine the value to enter in the Interest Bearing Modified UPB field. To do this, subtract the total payment amount passed through (the amount you calculated in step 2) from the court ordered interest bearing UPB.

In this example, the court ordered interest bearing UPB is equal to the value calculated and displayed in the Total Additions Plus Current UPB field. The total payment amount passed through, as calculated in step 2, is \$2,000.

$$\$22,623.98 - \$2,000 = \$20,623.98$$

4. Enter the result from step 3 in the Interest Bearing Modified UPB field.

The screenshot displays the 'Court Mandated Modification' screen with the following data:

Court Mandated Modification		Current UPB Plus Additions	
* Modification Type:	Bankruptcy	DDLPI:	08/01/2015
* Bankruptcy Type:	Chapter 13	Current UPB (\$):	15,523.98
* Modified Note Rate (%):	7.500	Interest from DDLPI to Mod Effective Date (\$):	5,000.00
Accounting Net Yield (%):	7.250	* Other Amounts Advanced or to be Advanced (\$):	2,000.00
* Mod Effective Date:	03/01/2015	* Legal Fees and Costs (\$):	100.00
First Payment Due Date:	04/01/2015	* Property Preservation Expenses (\$):	0.00
* Term of the Mod (in months):	60	Total Additions Plus Current UPB (\$):	22,623.98
Maturity Date:	03/01/2020	<b>Subtractions To Principal Balance</b>	
* Confirmation Date:	09/29/2015	Amount Held In Suspense/Restricted Escrow (\$):	0.00
* P & I (\$):	413.26	Total Write-off (\$):	2,000.00
* UPB at Confirmation (\$):	17,523.98	Deferred Non Interest Bearing UPB (\$):	
* DDLPI at Confirmation:	07/01/2015	* Interest Bearing Modified UPB (\$):	20,623.98
* UPB Write-down (\$):	0.00		
Balloon:	<input type="checkbox"/>		
Step Rate:	<input type="checkbox"/>		

## Understanding the Court Mandated Modification Statuses

The following table identifies and provides a brief description of the statuses that display in the Current Status field in the upper left corner of the Court Mandated Modification screen.

Current Status	Description
Draft	Data or partial data is entered. You have not transmitted the model to Freddie Mac.
Pending Review	You have transmitted the model to Freddie Mac and are awaiting our response.
Approve	Freddie Mac has completed its review and changed the status to "Approve." You can view the model, but cannot edit any data.



## Transmit the Court Mandated Modification Model to Freddie Mac

After you have entered all required data, click the **Send to FM** button to submit the court mandated modification to us. A message displays at the top of the screen, indicating that you have successfully sent the model to Freddie Mac.

The screenshot shows the 'Court Mandated Modification' form. At the top, a green message box states 'Successfully sent to Freddie Mac'. Below this, the 'Current Status' is 'Pending Review'. The form is divided into two main sections: 'Court Mandated Modification' and 'Current UPB Plus Additions'. The 'Court Mandated Modification' section includes fields for 'First Payment Due Date', 'Term of the Mod (in months)', 'Maturity Date', 'Confirmation Date', 'P & I (\$)', 'UPB at Confirmation (\$)', 'DDLPI at Confirmation', 'UPB Write-down (\$)', 'Balloon', and 'Step Rate'. The 'Current UPB Plus Additions' section includes a table for 'DDLPI: 01/01/2016' with rows for 'Current UPB (\$)', 'Interest from DDLPI to Mod Effective Date (\$)', 'Other Amounts Advanced or to be Advanced (\$)', 'Legal Fees and Costs (\$)', 'Property Preservation Expenses (\$)', and 'Total Additions Plus Current UPB (\$)'. Below this is a 'Subtractions To Principal Balance' section with rows for 'Amount Held In Suspense/Restricted Escrow (\$)', 'Total Write-off (\$)', 'Deferred Non Interest Bearing UPB (\$)', and 'Interest Bearing Modified UPB (\$)'. A 'Save' button is located in the top right corner.

The current status is now "Pending Review."

All fields are disabled and are not available for edit. The **Send to FM** button is no longer displayed.

## After You Transmit the Court Mandated Modification Model to Us

After you transmit the model to us, it is in a "Pending Review" status and is read-only.

If you retrieve the model in Workout Prospector while it is pending our review, the following message displays:

The screenshot shows the 'Court Mandated Modification' form with a message box overlay. The message box contains a yellow warning icon and the text: 'This loan is being reviewed by a loss mitigation specialist at Freddie Mac and is read only.' Below the message is an 'OK' button. A red arrow points to the 'OK' button. The background form is partially visible, showing the 'Current Status: Pending Review' and the 'Court Mandated Modification' section. A text box on the left says: 'Click OK to close the message. After you click OK, all of the fields are disabled and are read-only.'



## After We Complete Our Review of the Court Mandated Modification

After we complete our review, we will change the status to “Approve” or decline the court mandated modification.

If we change the status to “Approve”, the screen displays as shown below.

- The current status displayed in the upper left corner of the screen is “Approve.”
- You may view the model, however, cannot make any changes to it.

The screenshot shows the 'Court Mandated Modification' screen. At the top left, it says 'Current Status: Approve'. A red arrow points to this text. A blue callout box says 'The current status is “Approve.”'. The screen is divided into two main sections: 'Modification' on the left and 'Current UPB Plus Additions' on the right. The 'Modification' section includes fields for 'Bankruptcy Type' (Chapter 11), 'Modified Note Rate (%)' (3.750), 'Accounting Net Yield (%)' (3.500), 'Mod Effective Date' (04/01/2016), 'First Payment Due Date' (05/01/2016), 'Term of the Mod (in months)' (480), 'Maturity Date' (04/01/2056), 'Confirmation Date' (04/14/2016), 'P & I (\$)' (604.12), 'UPB at Confirmation (\$)' (153,000.00), 'DDLPI at Confirmation' (12/01/2015), and 'UPB Write-down (\$)' (3,000.00). The 'Current UPB Plus Additions' section includes 'DDLPI' (01/01/2016), 'Current UPB (\$)' (156,083.00), 'Interest from DDLPI to Mod Effective Date (\$)' (1,593.75), 'Other Amounts Advanced or to be Advanced (\$)' (1,000.00), 'Legal Fees and Costs (\$)' (1,000.00), 'Property Preservation Expenses (\$)' (500.00), 'Total Additions Plus Current UPB (\$)' (160,176.75), 'Subtractions To Principal Balance' (1,000.00), 'Amount Held In Suspense/Restricted Escrow (\$)' (10,093.75), 'Total Write-off (\$)' (0.00), 'Deferred Non Interest Bearing UPB (\$)' (0.00), and 'Interest Bearing Modified UPB (\$)' (150,083.00). A blue callout box at the bottom right says 'All fields are disabled and cannot be changed.'.

If we decline the modification, the Borrower Information screen displays when you retrieve the loan record.

The screenshot shows the 'Borrower Information' screen. At the top right, there is a 'Save' button. Below the title, there are links for 'Expand All' and 'Collapse All'. The 'Borrower' section is expanded, showing fields for 'First Name', 'Last Name', 'Street', 'City', 'State' (dropdown menu), and 'Salutation' (dropdown menu). The 'State' dropdown menu is currently set to 'CO'.

## Introduction

Before you send your model to us, you must ensure that you have provided appropriate comments to support your decision to offer a borrower a modification. It's important that you thoroughly document and explain the situation completely.

**Note:** Per [Bulletin 2023-14](#), dated June 14, 2023, Servicers must have transitioned processing Payment Deferral and Flex Modification® products to Resolve no later than August 31, 2023. Prior to transitioning or August 31, 2023, if the loan was started in Workout Prospector, the loan will continue to be processed in Workout Prospector through the stages of the workout lifecycle including settlement, if applicable. For additional information refer to the [Workout Prospector® Online Help](#).

## Objectives

After completing this chapter, you will:

- Be familiar with the Comments screen, which is available for modifications.
- Be able to document comments for modifications appropriately.

## The Comments Screen

For modifications, the following screen is available via the Comments link on the To Do list. The Comments link also displays on the To Do List for the Loan Modification Settlement screen, so that you document any additional details about the modification prior to submitting the settlement data to us.

The screenshot shows the 'Comments' screen. It features a text input area for entering comments, a 'Save' button, and a 'Comments History' section at the bottom. The history section includes a dropdown for displaying 5 records and a table with columns for 'Entered By', 'Updated On', and 'Comment'. Navigation buttons for the history table are also present.

When sending a modification to us via the negotiated (exception) path, ensure that you document the specific exception you are requesting and the rationale for why your exception request should be granted on this screen. Note any extenuating circumstances. Ensure that you provide a contact name, contact phone number, and contact email address in your comments, as well as escalation contact information, in the event we are unable to reach the primary contact.

Additionally, if you select “Other” as the primary hardship reason, provide a description of the hardship on this screen.



The following table highlights some of the exception scenarios where you will need to provide additional details in the Comments screen.

<b>Loans that have been Modified Three or More Times</b>	<p>You must:</p> <ul style="list-style-type: none"><li>▪ Include information about the prior modifications such as the primary hardship, and the duration of the hardship.</li><li>▪ Document how the borrower's situation has changed since the prior modifications and why you believe we should grant your exception request.</li></ul>
<b>Loans with an Interest Rate Change occurring during the Delinquency Period</b>	<p>For ARMs, and step-rate mortgages, you must provide the interest rate change details for each interest rate change that has occurred during the delinquency period. Include the following data elements:</p> <ul style="list-style-type: none"><li>▪ Interest Rate Change Date</li><li>▪ New Interest Rate</li><li>▪ Forbeared UPB Amount</li><li>▪ Delinquent Interest Amount</li></ul>

## How to Document Comments for Modifications

Perform the following steps to document comments for modifications and Payment Deferrals.

1. Position your cursor in the Comments section of the screen.

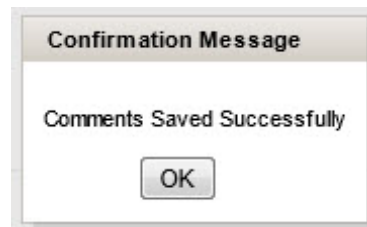
The screenshot shows a web interface for entering comments. At the top, there is a header bar with the word "Comments" in blue. Below this, on the left, is the text "Enter Comments:". To the right of this text is a large, empty text input field with a vertical scrollbar on the right side. Below the input field, the text "Max 250 chars" is displayed. At the bottom of the input field area is a blue "Save" button. Below the input field area, there is a section titled "Comments History. Display 5 Records" with a dropdown menu set to "5".

2. Enter a comment, up to a maximum of 250 characters per comment.



A screenshot of a web form titled "Comments". It features a text area with the placeholder text "Type your comments here." and a "Save" button below it. The text area has a "Max 250 chars" limit. To the left of the text area is the label "Enter Comments:". The form is set against a background that looks like torn paper.

3. Click Save. The following message displays indicating your comments have been saved.



4. Click **OK** to save your comment. Your comment will display in the Comments History section of the screen, as shown below.

The initial view displays five comments per page. Click the arrow to display 10 or 15 loans per page.

A screenshot of the "Comments History" section. It shows a table with three columns: "Entered By", "Updated On", and "Comment". The first row shows "wpdelt", "7/8/14 2:10 PM", and "Type your comment here.". Above the table is a header "Comments History. Display 5 Records" with a dropdown arrow next to the number 5. A red arrow points to the dropdown arrow, and another red arrow points to the first row of the table.

Entered By	Updated On	Comment
wpdelt	7/8/14 2:10 PM	Type your comment here.

In addition to the comment you entered, your user ID and a date and time stamp also display in the comments history. Comments Freddie Mac has entered also display in this section of the screen.

5. Repeat steps 1 through 4 to enter and save additional comments. There is no limit to the number of comments you can enter.

## Introduction

Workout Prospector provides automated settlement functionality for Freddie Mac Flex Modifications.

**Note:** Per [Bulletin 2023-14](#), dated June 14, 2023, Servicers must have transitioned processing Flex Modification® products to Resolve no later than August 31, 2023. Prior to transitioning on August 31, 2023, if the loan was started in Workout Prospector, the loan will continue to be processed in Workout Prospector through the stages of the workout lifecycle including settlement, if applicable. For additional information refer to the [Workout Prospector® Online Help](#).



## Introduction

When a borrower is not eligible for a retention option, you must determine if the borrower qualifies for other non-home retention alternatives to foreclosure (liquidation options) that Freddie Mac offers and input the relevant data into Workout Prospector®.

This chapter introduces and explains how to use the screens in Workout Prospector to enter data for the following liquidation options:

- Freddie Mac Standard Deeds-in-Lieu of Foreclosure
- Charge-offs

Refer to Chapter 13, *Model, Approve, and Settle Third-Party Foreclosure Sales*, for information on modeling third-party foreclosure sales.

**Note:** Per [Bulletin 2022-9](#), dated 4/13/2022, no later than July 31, 2022, Servicers must have transitioned from Workout Prospector® to Resolve® when processing new short sale workout requests.

Short Sale Request Submitted....	Process In...	Comments
Prior to 8/1/2022	Workout Prospector	If the request was submitted in Workout Prospector* prior to 8/01/2022, complete and settle in Workout Prospector even if the settlement is after 8/01/2022.  *Per Bulletin 2022-9, Servicers may have transitioned to Resolve prior to the 7/31/2022 mandate. As such, Servicers may have submitted and settled an approved short sale in Resolve.
8/1/2022 or after	Resolve	Submit via the user interface (UI) via the Servicing Gateway or Liquidations API (application programming interface) technology.

**Tips:** Users will be able to select Liquidation on the Workout Options screen to submit a new workout request for a deed-in-lieu of foreclosure or a charge-off. In addition, the Workout Summary screen will no longer include 'short sale/make-whole' as a Workout Type.

## Objectives

After completing this chapter, you will be familiar with the data fields and functionality available on each of the following screens for liquidation options:

- Borrower Information
- Borrower Financials
- Property (This screen is also applicable to court mandated modifications.)
- Loan (This screen is also applicable to court mandated modifications.)
- Contact (This screen is also applicable to modifications and Payment Deferrals.)
- HUD-1
- Credit Enhancement



## How to Create a Liquidation Model

After you log in to Workout Prospector, select **Liquidation** from the Workout Option pick list and click **Submit** to create a new liquidation model.

The screenshot shows a web form with a dropdown menu labeled "Workout Option:". The dropdown is open, showing four options: "Select Workout Option", "Select Workout Option", "Retention Program", and "Liquidation". A red arrow points to the "Liquidation" option. Below the dropdown is a "Submit" button.

After you click **Submit**, the Borrower Information screen displays. The To Do List will display in the left navigation bar, as shown below.

Note: the Court Mandated Mod and Model Modification links are available, providing the ability to access the Court Mandated Modification screen or Modeling Attributes screen.

The screenshot shows the "Borrower Information" screen. On the left is a "To Do" list with the following items: Borrower Information, Borrower Financials, Property, Loan, Contact, Workout Summary, CE, Analyze, Warnings and Comments, Business Plan, Letters, Court Mandated Mod, and Model Modification. The "Court Mandated Mod" and "Model Modification" items are highlighted with red boxes and red arrows. The main content area is titled "Borrower Information" and has a "Save" button in the top right. Below the title is a section for "Borrower" with fields for First Name, Last Name, Street, City, Zip, Salutation, and State. There are also checkboxes for "Willingness to maintain property" and "Is Someone Willing to Assume this Loan?". Below this are sections for "Co-borrower 1", "Co-borrower 2", and "Co-borrower 3". At the bottom right is a "Next" button, which is highlighted with a red arrow. A blue text box with a red arrow pointing to the "Next" button contains the following text: "The **Next** button on the liquidation screens will advance you through the various screens on the To Do List, in the order they are listed until the Workout Summary screen displays."



## Data Elements Required to Evaluate a Liquidation

The following table identifies the data elements that must be populated to evaluate a liquidation option:

Screen	Field	Standard Deed-in-Lieu	Charge-off	Make-whole
Property	Sales Price			X
	State	X	X	X
	Number of Units	X	X	X
	Conclusion Value	X	X	X
Loan	Current PITI	X	X	X
	Current UPB	X	X	X
	DDLPI	X	X	X
	Maturity Date	X	X	X
	Note Rate	X	X	X
	Net Yield Rate	X	X	X

## Data Elements Required to Submit a Liquidation to Freddie Mac

The following table identifies the data elements that must be populated to submit a liquidation option to Freddie Mac:

Screen	Field	Standard Deed-in-Lieu	Charge-off	Make-whole	Repay Plan
Borrower Information	First Name	X	X	X	X
	Last Name	X	X	X	X
	Street	X	X	X	X
	State	X	X	X	X
	City	X	X	X	X
	Zip	X	X	X	X
Property	Street	X	X	X	X
	City	X	X	X	X
	Sales Price	X	X	X	X
	State	X	X	X	X



Screen	Field	Standard Deed-in-Lieu	Charge-off	Make-whole	Repay Plan
	Number of Units	X	X	X	X
	Conclusion Value	X	X	X	X
Screen	Field	Standard Deed-in-Lieu	Charge-off	Make-whole	Repay Plan
<b>Borrower Financials</b>	Monthly Liabilities			X	
	Monthly Expenses			X	
	Monthly Household Income			X	
	Non-Retirement Liquid Assets			X	
	Backend DTI Ratio			X	
	Hardship Reason			X	
	Borrower FICO			X	
<b>Loan</b>	Current PITI	X	X	X	X
	Current UPB	X	X	X	X
	DDLPI	X	X	X	X
	Maturity Date	X	X	X	X
	Note rate	X	X	X	X
	Net Yield rate	X	X	X	X
<b>HUD-1</b>	Buyer's Name			X	
	Settlement Date			X	
<b>Contact</b>	Contact Name	X	X	X	X



## Enter Borrower Information

Document address information and other general data related to the borrower and up to three co-borrowers on the Borrower Information screen. You will also complete this screen for modifications and Payment Deferrals.

The following screen displays when you create or access a liquidation model or click **Borrower Information** on the To Do List.

**Borrower Information**

[Expand All](#) | [Collapse All](#)

**Borrower**

\* First Name: KEN \* Last Name: SMITH Salutation:

\* Street: 123 MAIN STREET \* City: ANYTOWN \* State: NY

\* Zip: 12345

☐ Willingness to maintain property

☐ Is Someone Willing to Assume this Loan?

**Co-borrower 1**

**Co-borrower 2**

**Co-borrower 3**

**Next**

Refer to the following table to ensure you are familiar with the data displayed in each field. Most fields will automatically populate based on the information contained in our system. However, you may change and/or enter data. After you have entered the data, ensure that you click **Save** or **Next**.

Field Definition	
<b>First Name</b>	The borrower's first name.
<b>Last Name</b>	The borrower's last name.
<b>Salutation</b>	The borrower's salutation.
<b>Street</b>	The borrower's street address.
<b>City</b>	The city in which the borrower lives.
<b>State</b>	The state in which the borrower lives.
<b>Zip</b>	The borrower's zip code.
<b>Willingness to Maintain Property</b>	Do not use this field.



### Is Someone Willing to Assume this Loan?

This field is no longer used for liquidations.

If you are processing an assumption in accordance with Guide [Section 9207.2](#), this box must be checked. It should not be checked under any other circumstances. You must also ensure the information entered on this screen identifies the person(s) assuming the mortgage – not the current borrower(s).

## Information for Co-borrowers

If there are other obligors on the mortgage, document their information in the Co-Borrower sections of the screen.

Workout Prospector allows you to enter data for up to three co-borrowers.

Click the arrows to expand and collapse each of the Co-borrower sections of the screen.

## Save Data Entry Time

If the borrower and co-borrower have the same last name and/or address, click **Same as Borrower**, shown below. The following fields in the co-borrower section will populate with same data displayed for the borrower:

- Last Name
- Street
- City
- State
- Zip



## Enter Borrower Financials

Document data related to the borrower and co-borrower's income, expenses, assets, and liabilities on the Borrower Financials screen.

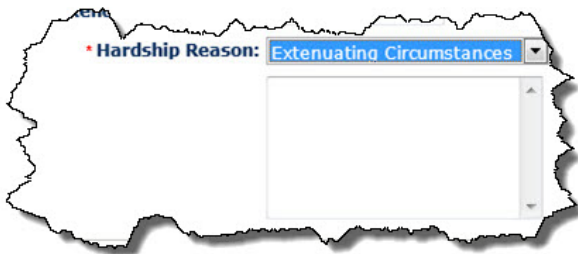
The following screen displays when you click **Next** on the Borrower Information screen for a liquidation option or select **Borrower Financials** from the To Do List:

## How to Complete the Borrower Financials Screen

Refer to the following table to ensure you enter the appropriate data in each field. After you have entered the data, ensure that you click **Save** or **Next**.

Field Definition	
<b>Monthly Liabilities</b>	<p>Enter the total monthly liabilities for all borrowers on the Note. Include the monthly payments due on the following:</p> <ul style="list-style-type: none"><li>▪ The borrower's monthly housing expense on his or her primary residence</li><li>▪ Installment debt with more than 10 months of payments remaining</li><li>▪ Monthly payments for revolving accounts, HELOCs</li><li>▪ Alimony and separate maintenance payments with more than 10 months of payments remaining</li><li>▪ Car lease payments, regardless of the number of months remaining</li><li>▪ Aggregate negative net rental income from all investment properties owned</li><li>▪ Monthly mortgage payment for a second home</li><li>▪ Payments on any subordinate lien</li></ul> <p>For additional details, refer to Guide <a href="#">Section 9208.3</a>. If borrower financials are not required, enter zero in this field.</p>
<b>Monthly Expenses</b>	<p>Enter the total of all other monthly expenses for all borrowers on the Note. If borrower financials are not required, enter zero in this field.</p>



Field Definition	
<b>Monthly Household Income</b>	Enter the total gross monthly income for all borrowers on the Note. If borrower financials are not required, enter zero in this field.
<b>Non-Retirement Liquid Assets</b>	<p>Enter the total amount of non-retirement liquid assets for all borrowers on the Note.</p> <p>Include any non-retirement liquid assets the borrowers have available from any financial institution or brokerage, including, but not limited to the following:</p> <ul style="list-style-type: none"> <li>Funds on deposit in the borrower's checking, savings, money market, or certificate of deposit account or other depository account</li> <li>Stocks, bonds, mutual funds, U.S. Government Securities and other securities that are traded on an exchange or marketplace generally available to the public (e.g., New York Stock Exchange, National Association of Securities Dealers Automated Quotations, Midwest SE, Chicago Board of Trade or Over the Counter) for which the price can be verified through financial publications</li> </ul> <p>If borrower financials are not required, enter zero in this field.</p>
<b>Backend DTI Ratio</b>	<p>Calculate and enter the monthly back-end debt payment-to-income (DTI) ratio. If you enter a whole number, the value will re-display with one decimal place when you save the model. If you enter a whole number with a decimal, it will round to the nearest tenth when you tab out of the field.</p> <p>Example: If you enter 53, Workout Prospector displays 53.0 when you save the model. If you enter 54.67, Workout Prospector displays 54.7 when you tab out of the field.</p> <p>For information on calculating the back-end DTI ratio, refer to Guide <a href="#">Section 9208.3</a>.</p> <p>If borrower financials are not required, enter zero in this field.</p>
<b>Hardship Reason</b>	<p>Select the primary hardship reason from the pick list.</p> <p>If you select "Extenuating Circumstances," a text box displays as shown below. You must enter a brief description of the extenuating circumstances. The description you enter must not exceed 250 characters.</p> 





Field Definition	
<b>Borrower FICO</b>	Enter the borrower's FICO score.
<b>Borrower FICO Date</b>	Enter the date on which you obtained the borrower's FICO score.
<b>Co-Borrower FICO</b>	Enter the co-borrower's FICO score, if applicable.
<b>Co-Borrower FICO Date</b>	Enter the date on which you obtained the co-borrower's FICO score, if applicable.
<b>"Are there new mortgages?" Checkbox</b>	<p>Select this checkbox if one of the following conditions exist:</p> <ul style="list-style-type: none"><li>▪ The loan is delinquent and the borrower's credit report indicates he or she has obtained a new mortgage in the six months prior to the DDLPI.</li><li>▪ The loan is current and the borrower's credit report indicates he or she has obtained a new mortgage in the six months prior to the short sale evaluation date.</li></ul>



## Enter Property Information

The Property screen is used to collect data about the subject property that is used to calculate the savings over REO and anticipated losses for the alternative to foreclosure you select.

For liquidation options, the property screen displays as shown below, when you click **Next** on the Borrower Financials screen for a liquidation option or select **Property** from the To Do List.

**Property**

**Property Address**

\* Street: 123 MAIN STREET \* City: ANYTOWN \* State: NY \* Zip: 12345

Disaster Name:

**Valuation**

\* Conclusion Value (\$):

Sales Price (\$):

**Credit Bid**

Foreclosure Bid Property Value Estimate: (\$) 138,000.00

Credit Bid: (\$) 79,804.00

Good Through Date: 08/31/2015

Valuation Method: BPO

Modified Credit Bid: (\$)

Contract Sales Date:

Units Rented:

Property listed in MLS:

Owner Occupied:

Purchaser related to Seller:

Aff. by Disaster:

Org Value (\$): 0.00

# of Units: 1

MLS List Date:

# of Units Rented: None

Back Next

The Credit Bid section displays for all liquidation options; however, is only applicable to third-party foreclosure sales.

Refer to Chapter 13, *Model, Approve, and Settle Third-Party Foreclosure Sales*, for information on modeling third-party foreclosure sales.

The Modified Credit Bid fields display when a credit bid has been obtained. These fields are read-only. Refer to page 13 in this chapter for additional information if you used a modified credit bid.



- For Freddie Mac Deed-in-Lieu of Foreclosure, the Property screen does not display the MNP section.

Save

## Property

Property Address

\* Street: 123 MAIN STREET

\* City: ANYTOWN

\* State: NJ

\* Zip: 12345

Disaster Name:

Valuation

Sales Price (\$): 146,000.00

MNP (\$):

Estimated Market Value:

Minimum Net Proceeds:

Good Through Date:

Credit Bid

Foreclosure Bid Property Value Estimate: (\$)

Credit Bid: (\$)

Good Through Date:

Valuation Method:

Contract Sales Date: 09/24/2015

Org Value (\$): 0.00

Units Rented: ☐

# of Units: 1

# of Units Rented: None

Property listed in MLS: ☒

MLS List Date:

Owner Occupied: ☒

Purchaser related to Seller: ☐

Aff. by Disaster: ☐

Back

Next



Many of the fields on the Property screen automatically populate. Refer to the following table to:

- Ensure you have an understanding of the fields that automatically populate.
- Ensure you provide the correct data in the fields that do not automatically populate.

Field Definition	
<b>Street</b>	Street address for the subject property.
<b>City</b>	City in which the subject property is located.
<b>State</b>	State in which the subject property is located.
<b>Zip Code</b>	Zip code for the subject property.
<b>Disaster Name</b>	The disaster that impacted the property, if applicable. This field is not editable.
<b>Conclusion Value</b>	The “As-Is” value from the most recent property valuation.
<b>Sales Price</b>	The sales price documented in the contract. When you enter a value in this field, HUD-1 displays in the To Do List. The <b>Next</b> button on this screen will advance you to the HUD-1 screen.



Field Definition		
Foreclosure Bid Property Value Estimate	The estimated property valuation returned with the credit bid.	These fields display for all liquidation options, but are only applicable to third-party foreclosure sales.  Refer to Chapter 13, <i>Model, Approve, and Settle Third-Party Foreclosure Sales</i> , for information on modeling third-party foreclosure sales.
Credit Bid	The maximum bid for a property at foreclosure sale that you are authorized to bid, as delegated by Freddie Mac, before the property can be purchased by a third party.	
Good Through Date	The date through which the credit bid is valid.	
Valuation Method	The methodology used to determine the estimated property valuation returned with the credit bid.	
Modified Credit Bid	This field displays when a credit bid has been obtained and is read-only.  If you used a modified credit bid, e-mail Form 105, <i>Multipurpose Loan Servicing Transmittal</i> , to <a href="mailto:shortsales@FreddieMac.com">shortsales@FreddieMac.com</a> . Include the amount used for the bid on the form and supporting documentation. We will update the model and then notify you via e-mail when you can submit it for settlement.	
Contract Sales Date	Date on which a sales contract for the property was signed.	
Units Rented	If checked, indicates that there are rental units in the property.	
Property Listed in MLS	If checked, indicates that the property is listed in the Multiple Listing Service.	
Owner Occupied	Check this box if the property is currently owner-occupied.	
Purchaser Related to Seller	Check this box if the purchaser is related to the seller.	
Aff. By Disaster	Check this box if the property has been affected by a natural or man-made disaster.	
Original Value	Property value at time of origination. Ensure that you provide this information when submitting a charge-off.	
# of Units	Number of units in the subject property.	
MLS List Date	Date on which the property was listed in the MLS.	
# of Units Rented	Number of units in the subject property that are rented. This field should display “None” when submitting a charge-off.	



## Enter Loan Information

The Loan screen collects and displays basic data about the loan, including MI information (if applicable), and second lien information (if applicable).

The Loan screen displays when you click **Next** on the Property screen (if you have not entered a Sales Price on the Property screen) or select **Loan** from the To Do List.

Many of the fields on the Loan Information screen automatically populate. Refer to the following table to:

- Ensure you have an understanding of the fields that automatically populate.
- Ensure you provide the correct data in the fields that do not automatically populate.

Field Definition	
<b>Workout Requested by Borrower</b>	This field is no longer applicable.
<b>Origination Date</b>	Date on which the loan was originated.
<b>Funding Date</b>	<p>The date on which Freddie Mac disburses payment to the Seller for a mortgage Freddie Mac purchased.</p> <p>For warehouse lending arrangements, the funding date is the date when Freddie Mac disburses payment to the warehouse lender or the seller for a mortgage purchased by Freddie Mac.</p>



Field Definition		
Original LTV	The loan-to-value ratio at origination.	
	If you enter:	Then:
	A value greater than 999 percent	The following error message displays when you leave the data entry field:  “Enter a value from 0.001 to 999.0.”
	Zero	
Maturity Date	Date on which the mortgage reaches maturity.	
Current UPB	The current unpaid principal balance (UPB) of the mortgage.	
DDLPI	The due date of the last full paid installment of principal, interest, and escrow, if any, received from the borrower. Check the date displayed in this field. This data downloads from the information you report via EDR, so it may be one month behind. If necessary, update the date displayed to ensure it is accurate.	
Participation %	Represents the undivided interest in a mortgage purchased by Freddie Mac under a Freddie Mac participation program.	
Note Rate	The interest rate payable under the Note. For adjustable-rate mortgages (ARMs), the note rate may adjust from time to time in accordance with the terms of the Note.  <b>Note:</b> For loans to servicemembers who are receiving a reduced rate and payment relief under the Servicemembers Civil Relief Act, the interest rate is equal to the interest rate in effect prior to implementation of the temporary SCRA interest rate.	
Net Yield Rate	The rate that Servicers use to report and remit interest to Freddie Mac each month. The net yield rate for each mortgage is equal to the note rate less the servicing spread of the mortgage.	
Remaining Term	The total number of remaining months the borrower has to satisfy the mortgage debt. For example, if the borrower has a 30-year mortgage that originated two years ago, the remaining term in months is 336.	
Foreclosure Begin Date	Date on which the loan was referred to foreclosure.	
Scheduled Foreclosure Sale Date	Date on which the foreclosure sale is scheduled to occur.	
P&I	The borrower’s monthly mortgage P&I payment.	
Taxes	The borrower’s monthly payment for taxes.	
Hazard Insurance	The borrower’s monthly payment for hazard insurance.	
Mortgage Insurance	The borrower’s monthly payment for mortgage insurance.	
Current PITI	This value automatically calculates based on the values entered for P&I, Taxes, Hazard Insurance, and Mortgage Insurance.	



Field Definition	
Annual RE Taxes	The annual amount of real estate taxes the borrower pays. This value automatically calculates and is equal to the amount entered for Taxes multiplied by 12.
2 <sup>nd</sup> Lien UPB	The unpaid principal balance of the second lien, if applicable.
Company Name	Name of the organization that holds the second lien, if applicable.
MI %	The percentage of mortgage insurance coverage, if applicable.
MI Certification Number	The mortgage insurance certification number, if applicable.
MI Name	The name of mortgage insurer, if applicable.
MI Warnings	This field displays MI warnings for loans with back end MI (BEMI).

## Enter Contact Information

The Contact Information screen identifies who we should contact at your institution if we have questions about your model or proposed foreclosure alternative.

### Contact Information

[Expand All](#) | [Collapse All](#)

**▼ Servicer**

Servicer Name:

S/S Number:

S/S Loan Number:

Contact Name:

Create New Contact: ☐

New Contact Name:

Phone:

Email:

**▼ FHLMC**

Negotiator Name:

Phone:

Settlement Specialist:

Phone:

**▼ Broker Info**

Broker Name:

Salutation:

Phone:

Ext:

Fax:

Address:

City:

State:

Zip:

Back

Next





Refer to the following table to ensure you complete this screen accurately.

Field Definition	
<b>Servicer Name</b>	The name of your organization. This field will automatically populate.
<b>S/S Number</b>	Your six-digit Freddie Mac Seller/Servicer number. This field will automatically populate.
<b>Contact Name</b>	The name of the primary contact at your organization we should contact with questions about the loan. <b>Note:</b> When selecting an existing contact name, enter the contact's e-mail address on the Comments screen (for modifications) or on the Warnings and Comments screen (for liquidation options). Additionally, ensure that you also document a back-up contact name and e-mail address in your comments.
<b>Create New Contact</b>	Click this box to add a new contact. After you click the box, complete the New Contact Name and Email fields.

Field Definition	
<b>New Contact Name</b>	Enter the name of the new contact in this field.
<b>Email</b>	The contact person's e-mail address. The e-mail address you enter must contain at least one @.
<b>S/S Loan Number</b>	The number your organization has assigned to the loan.
<b>Phone</b>	The primary contact person's phone number.
<b>Broker Name</b>	The brokers' first and last name.
<b>Phone</b>	The brokers' phone number.
<b>Fax</b>	The brokers' fax number.
<b>Address</b>	The brokers' address.
<b>State</b>	The state in which the broker is located.
<b>Salutation</b>	The brokers' salutation.
<b>Ext</b>	The broker's phone extension, if applicable.
<b>City</b>	The city in which the broker is located.
<b>Zip</b>	The broker's zip code.

## Enter HUD-1 Information

Like the HUD-1 settlement statement or Settlement/Closing Disclosure Statement, the HUD-1 screen enables you to provide a detailed estimate of the settlement costs associated when modeling a third-party foreclosure sale. Refer to **Chapter 13** for information on how to complete this screen for third-party foreclosure sales. The HUD-1 screen is available only if you have entered a value in the Sales Price field on the Property screen.



## Review Credit Enhancement Information

If the loan is credit enhanced, CE displays on the To Do List. The Credit Enhancement screen, shown below, displays information about each type of credit enhancement associated with the loan.

Access the CE screen by selecting **CE** on the To Do List.

### Credit Enhancement

Coverage Order: F

CE Type: MIPOOL

Coverage Termination Date: 04/30/2017

Recovery Order: 1

Coverage Begin Date: 06/30/2004

Account Balance(\$): 98,938,595.28

Run Calculation

Coverage Order:

CE Type:

Coverage Termination Date:

Recovery Order:

Coverage Begin Date:

Account Balance(\$):

Run Calculation

Coverage Order:

CE Type:

Coverage Termination Date:

Recovery Order:

Coverage Begin Date:

Account Balance(\$):

Run Calculation

### How to Use the Credit Enhancement Screen

Refer to the table below to determine what action you need take with this screen.

If the borrower is:	Then:
Retaining ownership of the property	This screen is for informational purposes only. No action is required.
Not retaining ownership of the property	Click the <b>Run Calculation</b> radio button. Workout Prospector will execute the claim calculation and populate the MI Pool/CE Proceeds field on the Analyze screen. This value is used to determine if there is a credit loss.

## After You Have Entered the Data for the Model

After you have entered all data for the liquidation option, you are ready to review the results of Workout Prospector's analysis and make any necessary adjustments. Refer to Chapter 7, *Analyze and Adjust Liquidation Options*.

## Introduction

After you have entered data for a liquidation option, you are ready to review the results of Workout Prospector's® analysis and make any adjustments, as needed.

**Note:** Per [Bulletin 2022-9](#), dated 4/13/2022, no later than July 31, 2022, Servicers must have transitioned from Workout Prospector® to Resolve® when processing new short sale workout requests.

Short Sale Request Submitted....	Process In...	Comments
Prior to 8/1/2022	Workout Prospector	If the request was submitted in Workout Prospector* prior to 8/01/2022, complete and settle in Workout Prospector even if the settlement is after 8/01/2022.  *Per Bulletin 2022-9, Servicers may have transitioned to Resolve prior to the 7/31/2022 mandate. As such, Servicers may have submitted and settled an approved short sale in Resolve.
8/1/2022 or after	Resolve	Submit via the user interface (UI) via the Servicing Gateway or Liquidations API (application programming interface) technology.

**Tips:** Users will be able to select Liquidation on the Workout Options screen to submit a new workout request for a deed-in-lieu of foreclosure or a charge-off. In addition, the Workout Summary screen will no longer include 'short sale/make-whole' as a Workout Type.

## Objectives

After completing this chapter, you will be familiar with and have a general understanding of the following screens that you will use to analyze and adjust the model:

- Workout Summary
- Analyze screen
- The following override screens:
  - Primary Override

## The Workout Summary Screen

The Workout Summary screen helps you to analyze the liquidation model. This screen provides feedback on the costs and benefits of the various liquidation options and allows you to make adjustments before selecting a workout type and sending the model to us.

The Workout Summary screen consists of two main areas:

- Workout Model Control
- Summary Data



Short sale appears as a Workout Type and Workout Selected for workout requests submitted prior to 8/1/2022.

### Workout Summary

Delegated Path Willingness? ☐ Workout Selected: Standard Short Sale

Workout Type	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
Charge Off/Short Payoff	Fail	\$-39,402.95	\$83,297.67	0.000%	
Deed In Lieu	Fail	\$3,745.96	\$41,125.37	91.459%	
Std Short Sale/Make Whole	Optimal	\$8,569.16	\$35,503.67	91.715%	
Repayment	Fail	\$0.00	\$0.00	0.000%	0

Workout Model Status  
Last Sent : 07/05/2022  
WO Type : PF  
Status : AP

Back Send To FM

Summary Data

Beginning 8/1/2022 new short sale requests must be submitted in Resolve® and will not appear as an option under Workout Type or Workout Selected drop-down menu.

### Workout Summary

Negotiated Path Willingness? ☐ Workout Selected:

Workout Type	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
Charge Off/Short Payoff	Fail	\$-297,401.74	\$28,201.59	0.000%	
Deed In Lieu	Fail	\$13,567.28	\$-287,454.00	82.576%	
Repayment	Fail	\$0.00	\$0.00	0.000%	0

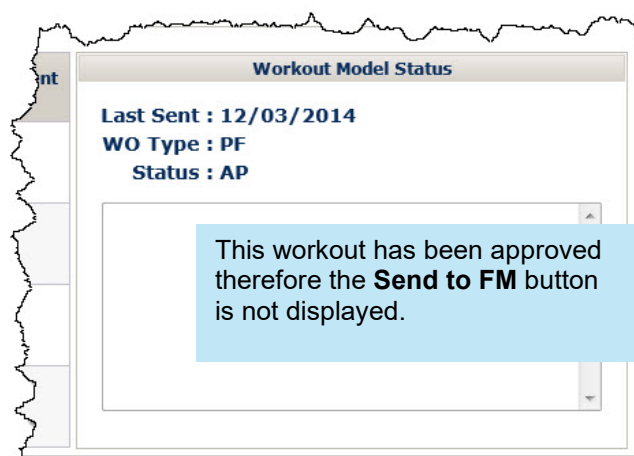
Workout Model Status  
Last Sent : N/A  
Status : Workout Status Unavailable

Save

### The Workout Model Control Section

This section of the Workout Summary screen displays the following:

- Last Sent
- Status



Last Sent indicates the date on which you last gave control of the model to us, or we returned control to you. For an explanation of “control of the model” refer to Chapter 11, *Transmit Liquidation Options to Freddie Mac*.

The Status indicates what action we have taken, if any, on your recommended alternative to foreclosure. You can view the status, but cannot change it. The following table identifies each status and its meaning:

Status	Meaning	
Pending (PN)	We have not taken action on your recommended alternative to foreclosure. All models are pending while you are creating them. For the negotiated policy path, models that you send us remain pending until we take action on them, such as approval, rejection or closing.	
Approved (AP)	We have agreed to your recommended alternative to foreclosure.	
	<b>If your model follows:</b>	<b>Then:</b>
	The delegated policy path and you determine it is within the delegated parameters	It will automatically reflect your approval when you send it to us.
	The negotiated policy path	It won't be approved unless we have reviewed it and determined to expand your delegation of authority. In this case, we will change the status to "approved" for you.
Closed (CL)	The alternative to foreclosure has been implemented.	
Cancelled (CN)	The borrower did not agree to the recommended foreclosure alternative.	

Status	Meaning	
Rejected (RJ)	We disagree with your recommended <b>foreclosure</b> alternative.	
	<b>If your model follows:</b>	<b>Then:</b>



	The delegated policy path	We cannot reject it.
	The negotiated policy path	It won't be rejected unless we have reviewed it and determined not to expand your delegated authority. In this case, we will change the model's status to "rejected."

After you determine the alternative to foreclosure based on our Guide requirements, you can also use this area to send your model to us by clicking the **Send to FM** button. For additional information about transmitting the model to us, refer to Chapter 11, *Transmit Liquidation Options to Freddie Mac*.

### Summary Data

The top area of the Workout Summary section identifies:

- Whether the alternative to foreclosure is currently following the negotiated or delegated path
- Whether the borrower wants to retain ownership of the property. If you checked the "Willingness" box on the Borrower Information screen, it will be checked on this screen. You cannot edit this field on the Workout Summary screen.
- The alternative to foreclosure currently selected. For additional information, see "Selecting a Workout" in this chapter.

Negotiated Path      Willingness? ☐      Workout Selected: Standard Short Sale

The remaining area in this section of the screen:

- Provides a "bottom line" look at each workout type
- Allows you to test various adjustments to the model using the various override screens to see how the changes impact our recommended alternative to foreclosure
- Enables you to view the warnings associated with each alternative to foreclosure based on the data entered in the model

The Warnings button provides access to the Comments and Warnings screen.

The Override button provides access to the applicable Override screen.

	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
Payoff	Fail	\$-146,808.53	\$57,206.72	0.000%	
Deed In Lieu	Fail	\$4,711.47	\$-93,579.14	80.938%	
Take Whole	Optimal	\$32,127.62	\$-121,482.48	89.834%	
Quit	Fail	\$0.00	\$0.00	0.000%	0

Back



## Selecting a Workout

Before you transmit the liquidation option to us, you will select a workout type. The following table identifies the various ratings Workout Prospector will assign a workout type based on its analysis:

If the Workout Type is Rated As	Then You
<b>Optimal</b>	Can select it and send the model to us. These models do not require Freddie Mac approval.
<b>Pass</b>	Can select it and send the model to us. We may approve a request for an exception to your delegated authority or ask for further information to support your recommendation.
<b>Fail</b>	Can select it and send the model to us. Generally, we will not approve any request to an exception to your delegated authority unless you have given us enough information to support your recommendation.
<b>Not Evaluated</b>	Cannot select it because Workout Prospector does not have enough data to run its calculations.

## How to Use the Workout Summary Screen

Perform the following steps to use this screen:

1. From the To Do List, select **Workout Summary**.
2. Review the information in the Summary Data section.
3. Click **Overrides** to access the override screens, as needed, to make any adjustments.
4. Click **Warnings** to access the Warnings and Comments screen. Address any warning messages and document comments to substantiate your recommendation. Refer to Chapter 8, *View Warnings and Document Comments for Liquidation Options*, and Appendix A, *Warning Messages*, for additional information.
5. When you are ready to send us the liquidation option, use this screen to transmit the model to us. For additional information, refer to Chapter 11, *Transmit Liquidation Options to Freddie Mac*.

## The Analyze Screen

The Analyze screen uses the data you entered in combination with historical state averages for expenses to provide a financial comparison of the following scenarios:

- REO
- Freddie Mac Standard Deed-in-Lieu of Foreclosure
- Charge-off

The Analyze screen consists of three main sections:

- Income
- Expenses
- Calculated Results

Use the Analyze screen to ensure that you are approving an appropriate alternative to foreclosure or when requesting an exception to your delegated authority.



## Parts of the Analyze Screen

Following is an example of the Analyze screen

Analyze

Loan Number : 123456789  
State : MS  
UPB : \$52,606.51

Expand All | Collapse All

Income Categories

	REO	DEED-IN-LIEU	CHARGEOFF
Gross Sales Price	\$200,000	\$200,000	\$0
- projected depreciation	\$22,507	\$22,507	\$0
Projected Gross Sales Price	\$177,493	\$177,493	\$0
Escrow Balance	\$327	\$327	\$327
Primary MI Proceeds	\$0	\$0	\$0
Cash Contribution/Collateral Loss	\$0	\$0	\$0
Cash Contribution Twds Closing	\$0	\$0	\$0
Note Contribution (weighted)			
Hazard Insurance Proceeds	\$0	\$0	\$0
Miscellaneous Income	\$0	\$0	\$0
TOTAL INCOME	\$177,820	\$177,820	\$327
MI Pool/CE Proceeds	\$0	\$0	\$0

Income

Expense Categories

	REO	DEED-IN-LIEU	CHARGEOFF
Liens (Junior and Senior)	\$0	\$0	\$0
Taxes	\$2,394	\$1,799	\$753
Insurance	\$6,286	\$4,722	\$1,978
Maintenance/Upkeep	\$2,166	\$1,985	\$0
Sales Commission	\$10,064	\$10,064	\$0
Other Selling Expenses	\$5,552	\$5,552	\$0
BPO/Appraisal	\$210	\$210	\$0
Foreclosure Atty Fees/Costs	\$709	\$0	\$0
Bankruptcy Atty Fees/Costs	\$265	\$0	\$0
Eviction Atty Fees	\$146	\$146	\$0
Eviction Atty Costs	\$290	\$290	\$0
Miscellaneous Expenses	\$3,166	\$3,166	\$0
REO G & A Expenses	\$990	\$990	\$0
TOTAL EXPENSES	\$32,237	\$28,923	\$2,731

Expenses

Calculated Results

	REO	DEED-IN-LIEU	CHARGEOFF
ESTIMATED TOTAL DEBT	\$72,418	\$64,612	\$57,650
ECONOMIC PROCEEDS	\$145,583	\$148,897	(\$2,404)
CARRY COSTS	(\$1,179)	\$219	\$0
ECONOMIC/NET PRESENT VALUE	\$144,405	\$149,116	(\$2,404)
Estimated TDR Loss (for mods)			
ECONOMIC SAVINGS/REO	\$0	\$4,711	(\$146,809)
ACCT. SAVINGS OVER REO	\$0	(\$5,050)	\$145,736
MI POOL / CE SAVINGS	\$0	\$0	\$0
Proj. Crdt Loss w/o Int.	(\$92,977)	(\$96,290)	\$55,011
Proj. Crdt Loss with Int.	(\$88,530)	(\$93,579)	\$57,207
MI Pool/CE Proceeds	\$0	\$0	\$0
Proj. Crdt Loss with Interest(net of MI Pool/CE Proceeds)	(\$88,530)	(\$93,579)	\$57,20
TOTAL DAYS IN PROCESS	718	540	22
% RECOVERY			
net settlement proceeds to MV	81%	81%	0%
discounted value to MV	72%	75%	-1%
Actual Taxes/Escrow Disbursed	\$0	\$0	\$0
Settlement Net Proceeds	\$161,877	\$161,877	\$0
Settlement Total Proceeds	\$161,877	\$161,877	\$0

Calculated Results





## Income

The following table identifies the categories and their sources in the Income section of the Analyze screen:

Income Category	Source
Gross Sales Price	The conclusion value designated on the Property screen, unless you completed the Override screen. If you entered a gross sales price on the Override screen, the value entered on the Override screen displays. All other scenarios display the conclusion value or value entered on the Override screen displays.
Projected Depreciation	The projected depreciation based on REO data. Workout Prospector will calculate and automatically populate this field.
Projected Gross Sales Price	The Gross Sales Price minus the Projected Depreciation.
Escrow Balance	An estimated escrow balance based on the state average. Note: This is not the current escrow balance entered on the Loan Information screen.
Primary MI Proceeds	The primary MI proceeds amount based on the total debt and the MI coverage percent. Workout Prospector will calculate and automatically populate this field.
Cash Contribution/ Collateral Loss	The Cash Contribution/Collateral Loss value entered on the Override screen.
Cash Contribution Towards Closing	Do not enter borrower contributions in this field. Enter all borrower contributions in the Cash Contribution/Collateral Loss field.
Note Contribution (weighted)	The value displayed reflects a percentage of the full note contribution entered on the Override screen. Secured and unsecured note contributions are weighted based on the probability of receiving full payment of the note: <ul style="list-style-type: none"><li>Secured note contributions equal 75 percent of the value displayed on the Override screen.</li><li>Unsecured note contributions equal 50 percent of the value displayed on the Override screen.</li></ul>
Hazard Insurance Proceeds	The Hazard Insurance Proceeds value entered on the Override screen.
Miscellaneous Income	The Miscellaneous Income value entered on the Override screen.



## Expenses

The following table identifies the categories and their sources in the Expense section of the Analyze screen:

Expense Category	Source
Liens (Junior and Senior)	The Junior Lien and Senior Lien values entered on the Override screen.
Taxes	The monthly tax amount based on the value entered on the Current PITI screen.
Sales Commission	Sales commission calculates based on the gross sales price or conclusion value and six percent broker fee. If you changed the sales commission on the Override screen, the value entered on the Override screen displays.
Other Selling Expenses	Other Selling Expenses calculate based on the gross sales price and a two percent expense factor unless you completed the Override screen. If you changed Other Selling Expenses on the Override screen, the value entered on the Override screen displays.

The remaining categories in the Expense section calculate based on historical averages for the state in which the property is located.

## Calculated Results

The remaining information on the Analyze screen automatically calculates and displays with the exception of Actual Taxes/Escrow Disbursed at Closing. The value for Actual Taxes/Escrow Disbursed at Closing defaults to zero; however, can be entered on the HUD-1 screen.



## The Override Screens

Workout Prospector provides the following override screens that allow you to change certain values that affect the bottom-line comparison of the various alternatives to foreclosure:

- Primary Override
- Repay Plan

Access the override screens from the Workout Summary screen:

When you click the Override button for:	The following override screen displays:
<ul style="list-style-type: none"><li>▪ Standard Deed-in-Lieu of Foreclosure</li><li>▪ Charge-off</li><li>▪ Third-Party Foreclosure Sale</li></ul>	Primary Override  Refer to Chapter 13, <i>Model, Approve, and Settle Third-Party Foreclosure Sales</i> , for information on modeling third-party foreclosure sales.
Repayment Plan	Repay Plan

## The Primary Override Screen

The primary Override screen consists of the following two sections:

- Income
- Expense

Use the Override screen to:

- Change the settlement date.
- Change selected income and expense values.
- Change the value for Actual Taxes Disbursed at Closing.
- Enter initial values for:
  - Note Contribution - Unsecured  
(Enter all promissory notes in this field. Do **not** enter promissory notes in the Note Contribution - Secured field.)
  - Hazard Insurance Proceeds

Perform overrides only when you have documentation to support the change you are making.

### The Primary Override Screen vs. the HUD-1 Screen

The HUD-1 values always take precedence over the values entered on the Override screen. If you completed the HUD-1 screen, the HUD-1 data flows to the corresponding income and expense categories in the Standard Short Sale column on the Analyze screen and Override screen.



## Parts of the Override Screen

The Derived column corresponds directly to the income and expense values on the Analyze screen for a selected column prior to performing overrides.

**Override Screen**

Output Column: Std Short Sale/Make Whole Expand All | Collapse All

**Income Categories**

	Derived	Override	Results
Settlement Date	08/22/2014		08/22/2014
Gross Sales Price (\$):	200,000.00		197,000.00
Commission (\$):	0.00		0.00
Net Sales Price (\$):	197,000.00		197,000.00
Net Proceeds (\$):	327.30		327.30
Net Proceeds (\$):	0.00		0.00
Cash Contrib. for Collateral Loss (\$):	0.00		0.00
Cash Contrib. towards Closing (\$):	0.00		0.00
Note Contribution - Secured (\$):	0.00		0.00
Note Contribution - Unsecured (\$):	0.00		0.00
Hazard Insurance Proceeds (\$):			0.00
Miscellaneous Income (\$):			0.00
MI/CE Proceeds (\$):			0.00
<b>TOTAL INCOME (\$):</b>			197,327.30

**Expense Categories**

	Derived	Override	Results
Liens (\$):	0.00		0.00
Taxes (\$):	880.00		880.00
Insurance (\$):	2,310.59		2,310.59
Maintenance/Upkeep (\$):	0.00		0.00
Sales Commission (\$):	11,170.43		11,170.43
Other Selling Expenses (\$):	6,161.84		6,161.84
BPO/Appraisal (\$):	150.00		150.00
Foreclosure Atty Fees&Costs (\$):	0.00		0.00
Bankruptcy Atty Fees&Costs (\$):	0.00		0.00
Eviction Attorney Fees (\$):	0.00		0.00
Eviction Costs (\$):	0.00		0.00
Miscellaneous Expenses (\$):	0.00		0.00
<b>TOTAL EXPENSES (\$):</b>			20,672.86
Actual Taxes/Escrow to be Disbursed at Closing (\$):			0.00

**Back**

The Output column corresponds to the columns on the Analyze screen.

Enter your override values in the Override column as necessary.

The Results column displays the final values based on any overrides you performed.

Click **Back** to return to the Workout Summary screen.



## What Data Can be Overridden?

The following table outlines the data elements you can override for each output column on the Analyze screen.

Data Element	REO	Charge-off	Standard Deed-in-Lieu of Foreclosure
*Gross Sales Price		X	X
Primary MI Proceeds		X	X
*Cash Contribution/ Collateral Loss		X	X
Note Contribution – Unsecured		X	X
Hazard Insurance Proceeds	X	X	X
Miscellaneous Income	X	X	X
*Liens (Junior and Senior)	X	X	X
Miscellaneous Expenses	X	X	X
*Sales Commission			
*Other Selling Expenses			
*Actual Taxes/Escrow Disbursed at Closing			

## How to Override Data

Perform the following steps to override data:

1. Refer to the following:

If:	Then:
<p>You completed the HUD-1 screen and you want to override any of the following data elements for a Standard Short Sale:</p> <ul style="list-style-type: none"> <li>▪ Gross Sales Price</li> <li>▪ Cash Contribution/Collateral Loss (Only if you entered a Cash Contribution/Collateral Loss value on the HUD-1 screen.)</li> <li>▪ Liens (junior and senior)</li> <li>▪ Sales Commission</li> <li>▪ Other Selling Expenses</li> <li>▪ Actual Taxes/Escrow Disbursed at Closing</li> </ul>	<p>Access the HUD-1 screen to change the data.</p>



You completed the HUD-1 screen and you want to override data elements other than those listed above	Proceed to step 2.
You did not complete the HUD-1 screen	Proceed to step 2.

- From the Override screen, select the output column that contains the data you want to override.



- Enter the override value for the appropriate data element in the Override column.

Hazard Insurance Proceeds (\$):	0.00		0.00
Miscellaneous Income (\$):	0.00	500.00	500.00
MI/CE Proceeds (\$):	0.00		0.00
TOTAL INCOME (\$):			197,827.30

Note that when you click out of the field, the Results column displays the value you entered and the total for that section of the Override screen recalculates.

- To ensure a consistent analysis, override the same data element in each of the remaining output columns if:
  - The data element is available for override in the remaining output columns, and
  - The same conditions apply for the other output columns.

## Introduction

Before you send your model to us, you must review and address all warning messages and ensure that you have provided appropriate comments to support your decision to offer a borrower a particular liquidation option.

**Note:** Per [Bulletin 2022-9](#), dated 4/13/2022, no later than July 31, 2022, Servicers must have transitioned from Workout Prospector® to Resolve® when processing new short sale workout requests.

Short Sale Request Submitted....	Process In...	Comments
Prior to 8/1/2022	Workout Prospector	If the request was submitted in Workout Prospector* prior to 8/01/2022, complete and settle in Workout Prospector even if the settlement is after 8/01/2022.  *Per Bulletin 2022-9, Servicers may have transitioned to Resolve prior to the 7/31/2022 mandate. As such, Servicers may have submitted and settled an approved short sale in Resolve.
8/1/2022 or after	Resolve	Submit via the user interface (UI) via the Servicing Gateway or Liquidations API (application programming interface) technology.

**Tips:** Users will be able to select Liquidation on the Workout Options screen to submit a new workout request for a deed-in-lieu of foreclosure or a charge-off. In addition, the Workout Summary screen will no longer include 'short sale/make-whole' as a Workout Type.

## Objectives

After completing this chapter, you will:

- Be familiar with the Warnings and Comments screen, which is available for liquidation options only (workouts other than modifications)
- Be able to document comments for liquidations

## The Warnings and Comments Screen

To view warnings and document comments for liquidations, access the Warnings and Comments screen. The screen consists of several sections, as shown below. Click **Warnings and Comments** on the To Do List to display the screen.



Save

## Warnings and Comments

Expand All | Collapse All

▼ Warnings

Congratulations, there are no warnings report.

⤴ Recommendation

⤴ Substantiation

⤴ Other

⤴ Property

⤴ Involuntary Inability to Pay

Back

In this example, there are no warnings for the liquidation option.  
Refer to Appendix A for a complete list of warning messages.





## How to Document Comments

To document your comments for liquidation options, expand the remaining sections of the screen and enter your comments. In the example below, the Recommendation section of the screen is expanded.

Save

### Warnings and Comments

Expand All | Collapse All

Warnings

Congratulations, there are no warnings report.

Recommendation

Substantiation

Other



The following outlines the information, as applicable, that you should document in each section of the screen.

Include information on the following:	
<b>Recommendation</b>	Explain the general terms of your proposed foreclosure alternative. Include additional information as necessary on the following: <ul style="list-style-type: none"><li>▪ Workout type</li><li>▪ Borrower contributions</li><li>▪ MI contributions</li></ul>
<b>Substantiation</b>	Explain in detail why we should approve the recommendation.
<b>Other</b>	Document any information relevant to your recommended foreclosure alternative that does not belong in any of the other four categories for comments.
<b>Property</b>	Document the general condition of the property. Describe any adverse conditions that affect the property, such as <ul style="list-style-type: none"><li>▪ Hazardous waste</li><li>▪ Asbestos</li><li>▪ Structural damage</li><li>▪ Drywall contamination</li><li>▪ Other environmental problems</li></ul> If the property is affected from an adverse condition, ensure that you also include the following: <ul style="list-style-type: none"><li>▪ Whether you have been able to achieve quality right-party contact</li><li>▪ Information regarding the availability of insurance funds. If funds are available, indicate who has access to them.</li></ul>
<b>Inability to Pay</b>	Document the reason for default. <ul style="list-style-type: none"><li>▪ Explain why the borrower is unable to continue paying the regular monthly mortgage payment.</li><li>▪ Identify specific documentation you have which validates the borrower's eligible hardship.</li></ul>

## Introduction

The Business Plan displays on the To Do List when a workout, other than a modification, is in progress or has been approved.

**Note:** Per [Bulletin 2022-9](#), dated 4/13/2022, no later than July 31, 2022, Servicers must have transitioned from Workout Prospector® to Resolve® when processing new short sale workout requests.

Short Sale Request Submitted....	Process In...	Comments
Prior to 8/1/2022	Workout Prospector	If the request was submitted in Workout Prospector* prior to 8/01/2022, complete and settle in Workout Prospector even if the settlement is after 8/01/2022.  *Per Bulletin 2022-9, Servicers may have transitioned to Resolve prior to the 7/31/2022 mandate. As such, Servicers may have submitted and settled an approved short sale in Resolve.
8/1/2022 or after	Resolve	Submit via the user interface (UI) via the Servicing Gateway or Liquidations API (application programming interface) technology.

Tips: Users will be able to select Liquidation on the Workout Options screen to submit a new workout request for a deed-in-lieu of foreclosure or a charge-off. In addition, the Workout Summary screen will no longer include 'short sale/make-whole' as a Workout Type.

## Objectives

After completing this chapter, you will:

- Be familiar with the various parts of the Business Plan for each liquidation option
- Be able to view and save the Business Plan for liquidation options

## The Business Plan

The Business Plan summarizes the data you entered into Workout Prospector® for a liquidation option.

The purpose of the Business Plan is to:

- Provide standardized documentation for the liquidation option.
- Provide an audit trail for your decision or request for exception.



The Business Plan consists of one or more parts depending on the alternative to foreclosure you select:

For:	The Business Plan consists of the following:
Charge-offs	<ul style="list-style-type: none"><li>Cover Page</li><li>Comments and Warnings Page</li></ul>
Deeds-in-Lieu of Foreclosure	
Repayment Plans (Note: Repayment plans that exceed 12 months in duration are currently submitted via the liquidation path in Workout Prospector.)	

## Parts of the Business Plan Available for Selection

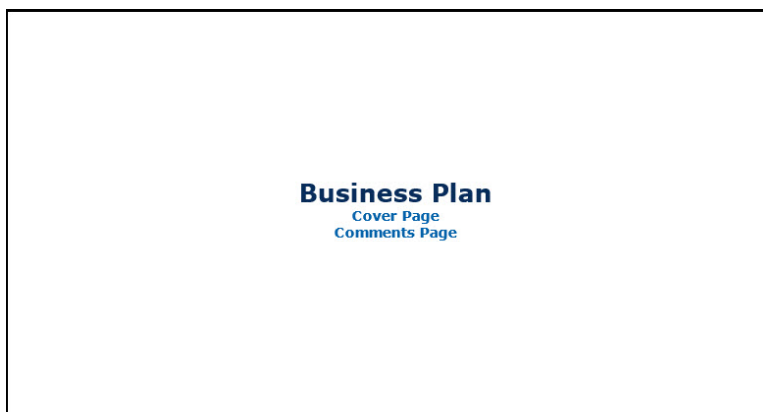
The following table provides a brief description of each part of the Business Plan.

Parts of the Business Plan	
Cover Page	The Cover Page generates for all liquidation options and provides an overview of loan, borrower, and property information.
Comments Page	The Comments Page generates for all liquidation options. All warning messages generated for the recommendation display in Part B: Exceptions to Policy. All comments entered on the Comments and Warnings screen display in Part C: Comments.

## How to View and Save the Business Plan

Perform the following steps to view and print the Business Plan:

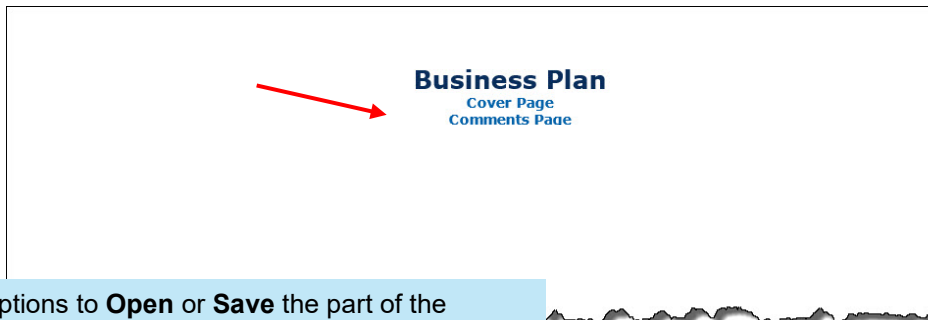
- From the To Do List, select **Business Plan**. The following screen displays:



The links that display depend on the type of alternative to foreclosure you selected.



2. Click any link to view that part of the Business Plan.



Options to **Open** or **Save** the part of the Business Plan you selected display here. You may also select **Cancel**.



If you:	Then:
Want to view the selected part of the Business Plan	Click <b>Open</b> . The document will open in separate window, using your word processor. You may then preview, print, or save the document.
Want to save the selected part of the Business Plan without viewing it first	Click <b>Save</b> . Follow the prompts that display to save the file.
Do not want to view or save the selected part of the Business Plan.	Click <b>Cancel</b> .

## Introduction

The Letters screen is available on the To Do List when a workout other than a modification is in progress or has been approved or rejected. Although the link is available on the To Do List, the actual letters and attachments, if applicable, are not generated until the Workout Selected pick list on the Workout Summary screen is populated and the model is saved.

**Note:** Per [Bulletin 2022-9](#), dated 4/13/2022, no later than July 31, 2022 Servicers must have transitioned from Workout Prospector® to Resolve® when processing new short sale workout requests.

Short Sale Request Submitted....	Process In...	Comments
Prior to 8/1/2022	Workout Prospector	If the request was submitted in Workout Prospector* prior to 8/01/2022, complete and settle in Workout Prospector even if the settlement is after 8/01/2022.  *Per Bulletin 2022-9, Servicers may have transitioned to Resolve prior to the 7/31/2022 mandate. As such, Servicers may have submitted and settled an approved short sale in Resolve.
8/1/2022 or after	Resolve	Submit via the user interface (UI) via the Servicing Gateway or Liquidations API (application programming interface) technology.

Tips: Users will be able to select Liquidation on the Workout Options screen to submit a new workout request for a deed-in-lieu of foreclosure or a charge-off. In addition, the Workout Summary screen will no longer include 'short sale/make-whole' as a Workout Type.

## Objectives

After completing this chapter, you will:

- Be familiar with the Letters screen
- Be able to view and print letters

## The Letters Screen

After your decision is made regarding your alternative to foreclosure, the Letters screen displays links to the appropriate letters (with attachments, if applicable). With the exception of alternatives to foreclosure that are delegated to you to approve, the letters provide written confirmation of our decision on your recommended alternative to foreclosure. **You may not send the letters to borrowers and other parties to the alternative to foreclosure. You may not rely on the letters as evidence of your compliance with any requirement of the Guide or other Purchase Document.** You should draft your own letters to communicate with borrowers and third parties.



For more information on communicating decisions to borrowers, review *Single-Family Seller/Servicer Guide* (Guide) [Section 9201.5](#) and Guide Exhibit 93, *Evaluation Model Clauses*.

## How to Use the Letters Screen

Perform the following steps to access and use the Letters screen:

1. From the To Do List, select **Letters**. The Letters screen, shown below, displays:

The screenshot shows the 'Letters' screen with a 'Save' button in the top right corner. Below the title, there are two radio buttons for 'Decision': 'Accept' (selected) and 'Reject'. Under 'Letter Types:', a dropdown menu shows 'Approval'. A red arrow points to this dropdown with a text box stating: 'This section displays the type of letter and any applicable attachments based on the type of workout.' Below this is a large text area labeled 'Conditions:'.

In this example, we have accessed the Letters screen for an approved short sale.

If you have not approved a workout, the following Letters screen displays:

The screenshot shows the 'Letters' screen with a 'Save' button in the top right corner. Below the title, there are two radio buttons for 'Decision': 'Accept' and 'Reject' (selected). Under 'Letter Types:', a dropdown menu shows 'Ejection', which is circled in red. Below this are two text areas: 'Rejection Reasons:' on the left and 'Recommended Actions:' on the right.



2. Click the item you want to view.

**Letters**

Decision: ☒ Accept ☐ Reject

Letter Types:

Approval

**Letters**

Decision: ☒ Accept ☐ Reject

Letter Types:

Short Payoff Approval - Payoff Letter

The following information is Missing from Letter Short Payoff Approval :  
Freddie Mac Specialist's Name, Freddie Mac Specialist's Phone, Settlement  
Specialist Name, Settlement Specialist Phone,

Options to **Open** or **Save** the letter or attachment display here. You may also select **Cancel**.

Missing data elements for the letter or attachment display here.

Do you want to open or save 123456789\_PF\_Approval.rtf from ?

Open Save Cancel

If you want to:	Then:
View the document, even though all data has not been provided	Click <b>Open</b> . The document will open in separate window, using your word processor. You may then preview, print, or save the document.
Want to save the selected document without viewing it first	Click <b>Save</b> . Follow the prompts that display to save the file.
Enter the missing information	Click <b>Cancel</b> . Access the screens that contain the missing data and enter the information.



## Introduction

After you have addressed all warning messages, analyzed, and thoroughly documented your recommendation, you are ready to transmit the liquidation option to us.

**Note:** Per [Bulletin 2022-9](#), dated 4/13/2022, no later than July 31, 2022 Servicers must have transitioned from Workout Prospector® to Resolve® when processing new short sale workout requests.

Short Sale Request Submitted....	Process In...	Comments
Prior to 8/1/2022	Workout Prospector	If the request was submitted in Workout Prospector* prior to 8/01/2022, complete and settle in Workout Prospector even if the settlement is after 8/01/2022.  *Per Bulletin 2022-9, Servicers may have transitioned to Resolve prior to the 7/31/2022 mandate. As such, Servicers may have submitted and settled an approved short sale in Resolve.
8/1/2022 or after	Resolve	Submit via the user interface (UI) via the Servicing Gateway or Liquidations API (application programming interface) technology.

Tips: Users will be able to select Liquidation on the Workout Options screen to submit a new workout request for a deed-in-lieu of foreclosure or a charge-off. In addition, the Workout Summary screen will no longer include 'short sale/make-whole' as a Workout Type.

Refer to Chapter 13, *Model, Approve, and Settle Third-Party Foreclosure Sales*, for information on how to transmit third-party foreclosure sales.

## Objectives

After completing this chapter, you will be able to transmit your Workout Prospector® model for liquidation options to Freddie Mac.

## Transmitting the Liquidation Option to Freddie Mac

You will use the Workout Summary screen to transmit all liquidation options to Freddie Mac.

Before you transmit, ensure that you have reviewed and addressed all warning messages, documented your recommendation thoroughly by providing detailed comments, and performed any overrides that were



necessary. For information on performing overrides, refer to Chapter 7, *Analyze and Adjust Liquidation Options*. For information on documenting comments and addressing warning messages, refer to Chapter 8, *View Warnings and Document Comments for Liquidation Options*.

Short sale appears as a Workout Type and Workout Selected for workout requests submitted prior to 8/1/2022.

### Workout Summary

Delegated Path Willingness? ☐ Workout Selected: Standard Short Sale

Workout Type	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
Charge Off/Short Payoff	Fail	\$-39,402.95	\$83,297.67	0.000%	
Deed In Lieu	Fail	\$3,745.96	\$41,125.37	91.459%	
Std Short Sale/Make Whole	Optimal	\$8,569.16	\$35,503.67	91.715%	
Repayment	Fail	\$0.00	\$0.00	0.000%	0

Workout Model Status  
Last Sent : 07/05/2022  
WO Type : PF  
Status : AP

Back Send To FM

Summary Data

Beginning 8/1/2022 new short sale requests must be submitted in Resolve® and will not appear as an option under Workout Type or Workout Selected drop-down menu.

### Workout Summary

Negotiated Path Willingness? ☐ Workout Selected:

Workout Type	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
Charge Off/Short Payoff	Fail	\$-297,401.74	\$28,201.59	0.000%	
Deed In Lieu	Fail	\$13,567.28	\$-287,454.00	82.576%	
Repayment	Fail	\$0.00	\$0.00	0.000%	0

Workout Model Status  
Last Sent : N/A  
Status : Workout Status Unavailable



## How to Transmit a Liquidation Option to Freddie Mac

After logging in to Workout Prospector, perform the following steps to transmit a liquidation option to Freddie Mac:

1. Click **Workout Summary** on the To Do List.

**Workout Summary**

Negotiated Path: Willingness? ☐ Workout Selected: Standard Short Sale

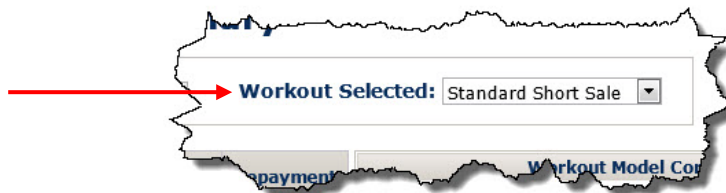
Workout Type	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
Charge Off/Short Payoff	Fail	\$-146,808.53	\$57,206.72	0.000%	
Deed In Lieu	Fail	\$4,711.47	\$-93,579.14	80.938%	
Std Short Sale/Make Whole	Optimal	\$32,127.62	\$-121,482.48	89.834%	
Repayment	Fail	\$0.00	\$0.00	0.000%	0

Workout Model Control

Last Sent : N/A  
Status : Workout Status Unavailable

Buttons: Save, Back, Send To FM

2. Select the appropriate alternative to foreclosure from the Workout Selected pick list. All workout types that have a rating other than “Not Evaluated” will display in the pick list.



3. Click **Send to FM** to transmit the model.

If:	Then:
The model passed the delegation parameters	<div>The following message displays:</div> <div><div>Do you want to transmit this model to FREDDIE MAC? Ok Cancel</div><div>Click <b>OK</b> to send the liquidation option to Freddie Mac. Click <b>Cancel</b> to remain on the Workout Summary screen.</div></div>



<p>The model did not pass the delegation parameters</p>	<p>The following message displays:</p> <div data-bbox="902 336 1232 522"><p>This model has failed the delegated parameters. Please choose OK to submit this model for Freddie Mac to review and approve. Choose Cancel if you would like to review the Warnings and adjust the model to meet the delegated parameters.</p><p>OK Cancel</p></div> <p>Click <b>OK</b> to send the liquidation option to Freddie Mac. Click <b>Cancel</b> to remain on the Workout Summary screen.</p>
<p><b>If:</b></p>	<p><b>Then:</b></p>
<p>The model is not complete and additional data must be entered to send it to Freddie Mac</p>	<p>A message indicating the model is not complete displays in the Workout Model Control section of the screen:</p> <div data-bbox="646 737 1427 1209"></div> <p>Access each screen identified and provide the specific data elements that are missing.</p>

## After You Transmit the Model to Freddie Mac

When you transmit the model to Freddie Mac, control of the model passes to us. Every Workout Prospector model is stored in our database. To prevent errors and confusion, our system allows only one institution at a time to update the model. That institution "controls" the model. Others, based on their login ID and security credentials, may be able to view the model, but only the one that controls the model can enter data or make changes.

Control of a model is passed between you, others, and us as follows:

- When a new model is first created, the institution that created the model has control.
- When you transmit the model, control is transferred to us. This means you can view the model, but not update it.
- If we need additional information from you, we may give control back to you. In these cases, you keep control until you retransmit the model to us.

Contact Freddie Mac if you need control of the model transferred back to you.



## When the Liquidation Option is in Approved Status

When the, Freddie Mac Standard Deed-in-Lieu of Foreclosure, charge-off, or third-party foreclosure sale is in “Approved” status the Liquidation Settlement link displays on the To Do List. Refer to Chapter 13, *Model, Approve, and Settle Third-Party Foreclosure Sales*, for information on how to settle third-party foreclosure sales. Refer to Chapter 12, *Automated Settlement for Liquidations*, for detailed instructions on how to settle all other liquidations.

## Introduction

Workout Prospector provides automated settlement functionality for the following liquidation options:

- Freddie Mac Standard Deeds-in-Lieu of Foreclosure
- Charge-offs
- Third-party foreclosure sales

**Note:** Per [Bulletin 2022-9](#), dated 4/13/2022, no later than July 31, 2022 Servicers must have transitioned from Workout Prospector® to Resolve® when processing new short sale workout requests.

Short Sale Request Submitted....	Process In...	Comments
Prior to 8/1/2022	Workout Prospector	If the request was submitted in Workout Prospector* prior to 8/01/2022, complete and settle in Workout Prospector even if the settlement is after 8/01/2022.  *Per Bulletin 2022-9, Servicers may have transitioned to Resolve prior to the 7/31/2022 mandate. As such, Servicers may have submitted and settled an approved short sale in Resolve.
8/1/2022 or after	Resolve	Submit via the user interface (UI) via the Servicing Gateway or Liquidations API (application programming interface) technology.

Tips: Users will be able to select Liquidation on the Workout Options screen to submit a new workout request for a deed-in-lieu of foreclosure or a charge-off. In addition, the Workout Summary screen will no longer include 'short sale/make-whole' as a Workout Type

## Objectives

After completing this chapter, you will:

- Be familiar with the following settlement screens for liquidation options:
  - Deed-in-Lieu Settlement
  - Charge-off Settlement
- Understand how to enter comments related to liquidation settlement.
- Be able to submit a liquidation option to Freddie Mac for settlement.
- Be able to submit a liquidation option to Freddie Mac for manual settlement review.



## Automated Settlement Functionality for Liquidation Options

The following table outlines the required condition(s) to submit each liquidation option for settlement.

For:	The following condition(s) must be met:
Standard Deeds-in-Lieu of Foreclosure	<ul style="list-style-type: none"><li>You must notify us of the Standard Deed-in-Lieu of Foreclosure via the Foreclosure Sale Reporting tool within one business day of receiving the executed deed.</li><li>The Standard Deed-in-Lieu must be in an "Approved" status. (i.e., the Workout Model Status on the Workout Summary screen is "AP").</li></ul>

For:	The following condition(s) must be met:
Charge-offs	<ul style="list-style-type: none"><li>The charge-off must be in an "Approved" status. (i.e., the Workout Model Status on the Workout Summary screen is "AP").</li><li>You must report a Payoff – Charge-off, Make-Whole transaction (exception code 67) via the Loan Level Reporting tool. If you do not report this transaction, the following message displays when you attempt to settle the charge-off: <i>"Loan has not been reported closed. Please report the payoff of the loan and wait until the next business day to submit."</i></li></ul>

**Note:** Once the liquidation option is in an "Approved" status, the Liquidation Settlement link displays on the To Do List and provides access to the appropriate settlement screen.

## Loans Not Eligible for Settlement in Workout Prospector

Loans insured by the FHA or guaranteed by the VA, and loans that have been repurchased, are not eligible for settlement in Workout Prospector.

If the loan:	Then the following message displays:
Is insured by the FHA or guaranteed by the VA	<i>"Freddie Mac identifies that this is a FHA/VA loan. This loan is not eligible for submission. Please contact 1-800-FREDDIE for assistance."</i>
Was repurchased when the liquidation was in process	<i>"Loan has been repurchased and is ineligible for settlement. Please contact 1-800-FREDDIE for assistance."</i>



## Understanding Screen Access and Functionality

The following table outlines the screens you will use to model, approve, and settle liquidation options. For each screen, we have identified when the screen is available for data entry and/or edit, and when it is read-only.

Screen	Functionality
Borrower Information	<ul style="list-style-type: none"><li>Screens are available for data entry and/or edit until you:<ul style="list-style-type: none"><li>Report a Payoff –Charge-off, Make-Whole transaction (exception code 67) via the Loan Level Reporting tool for a or charge-off (i.e., loan is in “closed” status).</li><li>Notify us of the Standard Deed-in-Lieu of Foreclosure via the Foreclosure Sale Reporting tool.</li></ul></li><li>After you close the loan (for charge-offs) or notify us of the Standard Deed-in-Lieu via the Foreclosure Sale Reporting tool, the screens are available, but are read-only.</li></ul>
Borrower Financials	
Loan	
Property	
HUD-1	
Contact	
Workout Summary	
Letters	

Screen	Functionality
Short Sale Settlement	<ul style="list-style-type: none"><li>The settlement screens are available after you approve the liquidation option, but are read-only.</li><li>The settlement screens are available for data entry and/or edit after the loan is reported in “closed” status (for charge-offs) or you have notified us of the Standard Deed-in-Lieu of Foreclosure via the Foreclosure Sale Reporting tool.</li></ul>
Deed-in-Lieu Settlement	
Charge-off Settlement	





## Deed-in-Lieu Settlement Screen

When you select Liquidation Settlement from the To Do List for an approved Standard Deed-in-Lieu of Foreclosure the following screen displays. Certain fields on the Deed-in-Lieu Settlement screen automatically populate based on data reported, data entered on other screens in Workout Prospector, and funds remitted.

In this example, you have notified us of the Standard Deed-in-Lieu of Foreclosure via the Foreclosure Sale Reporting tool. Therefore, certain fields are available for data entry and/or editing on the settlement screen.

**Deed in Lieu Settlement**

**Deed in Lieu Settlement Information**

\* Date Deed Received: 12/30/2015

Hazard Insurance Proceeds Remitted (\$):

\* Deed Executed to Federal Home Loan Mortgage Corporation: ☐

\* Clear Title: ☐

The title must be free of any liens, claims, defects and encumbrances.  
The title must be marketable so Freddie Mac can sell the property freely to others.

Cash Contribution Remitted (\$):

Promissory Note (\$): 0.00

By transmitting this data to Freddie Mac via Workout Prospector®, Servicer or its Authorized Third Party, as applicable, represents and warrants that it has complied with all applicable requirements set forth in the Freddie Mac Single-Family Seller/Servicer Guide and applicable Purchase Documents governing a) Servicer's delegated authority to liquidate the Mortgage, and b) Servicer's or Servicer's Authorized Third Party's use of Workout Prospector®, including that it has executed and filed a User Agreement with Freddie Mac.

☐ I Agree

**Manual Settlement Review**

**Comments**

Enter Comments:

0 chars

**Save**

**Comments History. Display 5 Records**

Entered By	Updated On	Comment
First	<<	<
	>	>>
Last		

**Submits the Standard Deed-in-Lieu of Foreclosure to Freddie Mac for automated settlement.**

**Submits the Standard Deed-in-Lieu of Foreclosure to Freddie Mac for review prior to settlement. This button is enabled after one submission attempt.**

**Creates a file of the settlement data in pdf format available for download when the Standard Deed-in-Lieu of Foreclosure is settled.**

**Enter comments related to settlement here.**



The following table identifies and provides a description of each field on the Deed-in-Lieu Settlement screen.

Field Definition	
<b>Date Deed Received</b>	The date you received the executed deed. This field automatically populates with the Sale/Recorded Date you reported when you notified us of the Standard Deed-in-Lieu of Foreclosure via the Foreclosure Sale Reporting tool.
<b>Hazard Insurance Proceeds Remitted</b>	<p>This field automatically populates with the amount of hazard insurance proceeds remitted.</p> <p>If the amount in this field is less than the negotiated amount displayed in the Hazard Insurance Proceeds field on the Override screen, the following message displays:</p> <p><i>“Hazard Insurance Proceeds is less than what was negotiated. Please verify that the required funds have been remitted and resubmit.”</i></p>
<b>Deed Executed to Federal Home Loan Mortgage Corporation</b>	<p>Check this box to confirm that the deed has been recorded in the name of the Federal Home Loan Mortgage Corporation.</p> <p>This box must be checked to submit for settlement.</p>
<b>Clear Title</b>	<p>Check this box to confirm that the title is free of any liens, claims, defects, or encumbrances.</p> <p>This box must be checked to submit for settlement.</p>
<b>Cash Contribution Remitted</b>	<p>This field automatically populates with the borrower contribution remitted.</p> <p>If the amount in this field is less than the negotiated amount displayed in the Cash Contribution/Collateral Loss field on the Override screen, the following message displays:</p> <p><i>“Cash contribution is less than what was negotiated. Please verify that the required funds have been remitted and resubmit.”</i></p>
<b>Promissory Note</b>	<p>The promissory note amount. This field automatically populates with the value entered in the Note Contribution – Unsecured field on the Override screen. You may edit this field if necessary.</p> <p><b>Note:</b> If you edit this field, the value you enter will flow to Note Contribution - Unsecured field on the Override screen.</p> <p>If the amount in this field is less than the negotiated amount in the Note Contribution – Unsecured field on the Override screen, the following message displays:</p> <p><i>“Promissory Note amount is less than what was negotiated. Please validate amount and resubmit.”</i></p>
<b>Original Promissory Note Sent to Freddie Mac</b>	This field displays when the value entered in the Promissory Note field is greater than zero. Check this box only if you have sent the original promissory note to Freddie Mac.



## Charge-off Settlement Screen

When you select Liquidation Settlement from the To Do List for an approved charge-off the following settlement screen displays. Certain fields on the Charge-off Settlement screen automatically populate based on data reported, data entered on other screens in Workout Prospector, and funds remitted.

In this example, the loan has been reported as a Payoff-, Charge-off, Make-Whole transaction (exception code 67) and is in “closed” status. Therefore, certain fields are available for data entry and/or editing on the settlement screen.

**Charge Off Settlement**

**Charge Off Settlement Information**

Payoff Date: 08/05/2015  
Cash Contribution Remitted (\$):  
Hazard Insurance Proceeds Remitted (\$):  
Promissory Note (\$): 1,000.00  
Other Proceeds Remitted (\$):  
Original Promissory Note Sent To Freddie Mac: ☐

By transmitting this data to Freddie Mac via Workout Prospector®, Servicer or its Authorized Third Party, as applicable, represents and warrants that it has complied with all applicable requirements set forth in the Freddie Mac Single-Family Seller/Servicer Guide and applicable Purchase Documents governing a) Servicer's delegated authority to liquidate the Mortgage, and b) Servicer's or Servicer's Authorized Third Party's use of Workout Prospector®, including that it has executed and filed a User Agreement with Freddie Mac.  
☐ I Agree

**Submit** \* Indicates a required field  
PDF Download  
Manual Settlement Review

**Comments**

Enter Comments:

6 chars

**Save**

**Comments History. Display 5 Records**

Entered By	Updated On	Comment
First	«	»
«	»	Last

**Submit:** Submits the charge-off to Freddie Mac for automated settlement.

**PDF Download:** Creates a file of the settlement data in pdf format available for download when the charge-off is settled.

**Manual Settlement Review:** Submits the charge-off to Freddie Mac for review prior to settlement. This button is enabled after one submission attempt.

**Comments:** Enter comments related to settlement here.



The following table identifies and provides a description of each field on the Deed-in-Lieu Settlement screen.

Field Definition		
<b>Payoff Date</b>	The date you received the charge-off approval letter from Freddie Mac. This field automatically populates with the payoff date you reported with the Payoff – Charge-off, Make-Whole transaction (exception code 67) via the Loan Level Reporting tool.	
<b>Hazard Insurance Proceeds Remitted</b>	This field automatically populates with the total amount of hazard insurance proceeds remitted. If the amount in this field is less than the negotiated amount displayed in the Hazard Insurance Proceeds field on the Override screen, the following message displays: <i>“Hazard Insurance Proceeds is less than what was negotiated. Please verify that the required funds have been remitted and resubmit.”</i>	
<b>Other Proceeds Remitted</b>	This field automatically populates with the amount of “other” proceeds remitted. If the amount in this field is less than the negotiated amount displayed in the Miscellaneous Income field on the Override screen, the following message displays: <i>“Other Proceeds is less than what was negotiated. Please verify that the required funds have been remitted and resubmit.”</i>	
<b>Cash Contribution Remitted</b>	This field automatically populates with the total borrower cash contribution funds remitted.	
	<b>If:</b>	<b>Then the following message displays:</b>
	The amount in this field is less than the negotiated amount displayed in the Cash Contribution/Collateral Loss field on the Override screen	<i>“Cash contribution is less than what was negotiated. Please verify that the required funds have been remitted and resubmit.”</i>
	The amount in this field is greater than zero and the property is located in California	<i>“Per state law, no Cash Contribution is permitted. Please send to Freddie Mac for Manual Settlement Review.”</i>



Field Definition		
Promissory Note	The promissory note amount. This field automatically populates with the value entered in the Note Contribution – Unsecured field on the Override screen. You may edit this field if necessary. <b>Note:</b> If you edit this field, the value you enter will flow to Note Contribution - Unsecured field on the Override screen.	
	<b>If:</b>	<b>Then the following message displays:</b>
	The amount in this field is less than the negotiated amount in the Note Contribution – Unsecured field on the Override screen	<i>“Promissory Note amount is less than what was negotiated. Please validate amount and resubmit.”</i>
	The amount in this field is greater than zero and the property is located in California	<i>“Per state law, no Promissory Note Contribution is permitted. Please send to Freddie Mac for Manual Settlement Review.”</i>
Original Promissory Note Sent to Freddie Mac	This field displays when the value entered in the Promissory Note field is greater than zero. Check this box only if you have sent the original promissory note to Freddie Mac.	



## Enter Comments to Provide Additional Details for Liquidation Settlement

Before you submit the liquidation option to Freddie Mac, ensure that you have documented any additional details that you want to communicate regarding settlement. When submitting for manual settlement review, ensure that you thoroughly explain why the liquidation option is being submitted to Freddie Mac for review.

To do this, perform the following steps:

1. Position your cursor in the Comments section of the screen.

**Comments**

Enter Comments:

Max 250 chars

Save

Comments History. Display 5 Records

Comments entered on the settlement screens do not flow to the Business Plan.

2. Enter a comment, up to a maximum of 250 characters per comment.

**Comments**

Type your comment here.

Enter Comments:

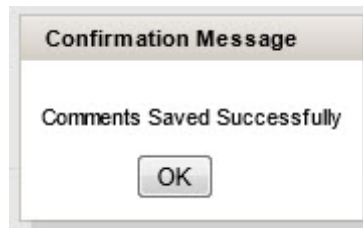
Max 250 chars

Save

Comments History. Display 5 Records



3. Click Save. The following message displays indicating your comment has been saved.



4. Click OK. Your comment will display in the Comments History section of the screen, as shown below.

The initial view displays 5 comments per page. Click the arrow to display 10 or 15 loans per page.



In addition to the comment you entered, your user ID and a date and time stamp also display in the comments history.  
Comments Freddie Mac has entered also display in this section of the screen.

5. Repeat steps 1 through 4 to enter and save additional comments. There is no limit to the number of comments you can enter.

## How to Submit Settlement Data for Liquidation Options to Freddie Mac

Perform the following steps when submitting settlement data for a liquidation option to Freddie Mac:

1. Document any additional details about the liquidation option that you want to communicate to us in the Comments section of the screen.
2. Make any adjustments necessary to reflect the final terms of the liquidation option on the settlement screen.
3. Click **Save** to retain the adjustments you made, if applicable. A message displays indicating the data was saved.



Deed-in-Lieu-of Foreclosure Settlement

Save

Data saved

Short Sale Settlement Information

- When you are ready to send the liquidation option to Freddie Mac for settlement, read the attestation displayed at the bottom of the screen. Click the **I Agree** checkbox if you agree with the statement. The Submit button is now functional.

By transmitting this data to Freddie Mac via Workout Prospector®, Servicer or its Authorized Third Party, as applicable, represents and warrants that it has complied with all applicable requirements set forth in the Freddie Mac Single-Family Seller/Servicer Guide and applicable Purchase Documents governing a) Servicer's delegated authority to liquidate the Mortgage, and b) Servicer's or Servicer's Authorized Third Party's use of Workout Prospector®, including that it has executed and filed a User Agreement with Freddie Mac.

☒ I Agree

\* indicates a required field

Submit PDF Download Manual Settlement Review

- Click **Submit** to send the liquidation to Freddie Mac for settlement.

If there are no discrepancies, a message displays indicating that settlement is complete and instructs you to monitor your Detailed Adjustment Report (DAR).

Deed-in-Lieu-of Foreclosure Settlement

Save

Settlement complete. Please monitor your Detailed Adjustment Report (DAR) for updates.

Note that for Standard Deeds-in-Lieu of Foreclosure, the following message displays:

*Settlement Complete. Please monitor your Monthly Account Statement (MAS).*

If there are discrepancies, the applicable error messages display at the top of the screen, as shown below. Resolve the discrepancies and click **Submit** or submit the liquidation option for manual settlement review. See below for additional information on manual settlement review.

Deed-in-Lieu-of Foreclosure Settlement

Save

The amount paid for relocation expenses exceeds authorized amount. Please validate amount and resubmit.





- Click **PDF Download** to download and retain a copy of the settlement data you submitted in your servicing file.

A screenshot of a web form with a torn paper edge. At the top, there is a checkbox labeled "I Agree" which is checked. Below it, there are three buttons: "Submit", "PDF Download", and "Manual Settlement Review". A red arrow points from the top left towards the "PDF Download" button. Above the "PDF Download" button, there is a small red asterisk and the text "\* indicates a required field".

The PDF Download button is available until the workout is archived.

## Manual Settlement Review for Liquidation Options

In some instances, there may be discrepancies that you are unable to resolve and require Freddie Mac manual review. To submit a liquidation option for manual settlement review, click **Manual Settlement Review**.

A screenshot of a web form with a torn paper edge. At the top, there is a small red asterisk and the text "\* indicates a required field". Below it, there are three buttons: "Submit", "PDF Download", and "Manual Settlement Review". A red arrow points from the right towards the "Manual Settlement Review" button.

You must submit the liquidation option for automated settlement one time to enable this button.

After you submit the liquidation option for manual settlement review, a message displays confirming the submission.

A screenshot of a confirmation message box with a torn paper edge. The title is "Deed-in-Lieu-of Foreclosure Settlement". Below the title, there are two lines of red text: "The amount paid for relocation expenses exceeds authorized amount. Please validate amount and resubmit." and "Loan has been submitted to Freddie Mac for Manual Settlement Review. Please monitor your Workout Manager series reports for updates." A red arrow points from the left towards the first line of red text. In the top right corner, there is a "Save" button.

Note: When submitting a liquidation option for manual settlement review, you do not have to provide supporting documentation unless Freddie Mac requests it.

## Monitor the Liquidation Option via the Servicer Performance Profile

After you have submitted the liquidation option to Freddie Mac for settlement, monitor its status via the reports available under the Manager Series Reports section of the Servicer Performance Profile.

## Introduction

This chapter provides step-by-step instructions on how to model, approve, and settle third-party foreclosure sale transactions in Workout Prospector®.

## Objectives

After completing this chapter, you will:

- Be familiar with the screens associated with modeling and approving a third-party foreclosure sale.
- Understand what steps you must perform to model and approve a third-party foreclosure sale in Workout Prospector.
- Be familiar with the Third-Party Sale Settlement screen.
- Understand how to enter comments related to third-party foreclosure sale settlement.
- Be able to submit a third-party foreclosure sale to Freddie Mac for settlement.
- Be able to submit a third-party foreclosure sale to Freddie Mac for manual settlement review.

## Reporting the Foreclosure Sale Results

Before you can model a third-party foreclosure sale in Workout Prospector, you must notify us of the sale results via the Foreclosure Sale Reporting tool, within one business day of the foreclosure sale date. Once you notify us of the sale results, any workouts in progress will be cancelled in Workout Prospector.

Refer to *Single-Family Seller/Servicer Guide* (Guide) [Section 9301.38](#) for additional information about reporting the sale results.

### When You Receive the Sale Proceeds

You must report the third-party foreclosure sale transaction (exception code 71) via the Loan Level Reporting tool within two business days after you receive the sale proceeds.

When reporting, ensure that the:

- Foreclosure sale date is the date that the foreclosure sale occurred
- Ending gross unpaid principal balance (UPB) is \$0.00
- Principal due field is completed with the gross UPB as of the last reporting cycle before the mortgage was inactivated
- Due date of last paid installment (DDLPI) is the date of the last fully paid monthly installment

Successful completion of this transaction “closes” the loan, if the model is in “Approved” status. On the following business day, the Third-Party Sale Settlement screen is available, and you are able to settle the third-party foreclosure sale.

If you do not report this transaction, the following message displays when you attempt to settle the third-party foreclosure sale:

*“Loan has not been reported closed. Please report the payoff of the loan and wait until the next business day to submit.”*

Ensure that you remit in accordance with Guide [Section 8303.10](#).



## After You Report the Sale Results and Receive the Proceeds

After you report the foreclosure sale results, receive the proceeds, and report the third-party foreclosure sale transaction via loan-level reporting, access Workout Prospector to model, approve, and settle the third-party foreclosure sale, in accordance with Guide [Section 9301.43](#).

## Understanding Screen Access and Functionality

The following tables outline the screens used to model, approve, and settle a third-party foreclosure sale. For each screen, we have identified when the screen is available for data entry and/or edit, and when it is read-only.

**Note:** Screen availability and functionality is dependent upon when you initially access the loan in Workout Prospector.

### When You Report Sale Results and Close the Loan Prior to Accessing Workout Prospector

Screen	Functionality
Borrower Information	<ul style="list-style-type: none"><li>Screens are available for data entry and/or edit when you report the sale results via the Foreclosure Sale Reporting tool <b>and</b> report the third-party foreclosure sale transaction (exception code 71) via the Loan Level Reporting tool (i.e., closed the loan), <b>prior to</b> accessing the loan in Workout Prospector.</li></ul>
Loan	
Property	
HUD-1	
Workout Summary	<ul style="list-style-type: none"><li>Screens are available, but become read-only, the business day after you approve the third-party foreclosure sale in Workout Prospector.</li></ul>
Third Party Sale Settlement	<ul style="list-style-type: none"><li>Screen is available via the Liquidation Settlement link on the To Do List the business day after you approve the third-party foreclosure sale in Workout Prospector.</li></ul>



### When You Report Only the Sale Results Prior to Accessing Workout Prospector

Screen	Functionality
Borrower Information	<ul style="list-style-type: none"><li>Screens are available for data entry and/or edit after you notify us of the foreclosure sale results via the Foreclosure Sale Reporting tool.</li><li>Screens are available, but are read-only, after you report a third-party foreclosure sale transaction (exception code 71) via the Loan Level Reporting tool (i.e., close the loan).</li></ul>
Loan	
Property	
HUD-1	
Workout Summary	<ul style="list-style-type: none"><li>Screen is available via the Liquidation Settlement link on the To Do List after you approve the third-party foreclosure sale, but is read-only.</li><li>Screen is available for attestation and settlement submission one business day after you report a third-party foreclosure sale transaction (exception code 71) via the Loan Level Reporting tool (i.e., close the loan).</li></ul>
Third Party Sale Settlement	

Refer to Chapters 6 and 7 in this users' guide for detailed information about these screens.



## Loans Not Eligible for Settlement in Workout Prospector

Loans insured by the FHA or guaranteed by the VA, and loans that have been repurchased, are not eligible for settlement in Workout Prospector.

If the loan:	Then the following message displays:
Is insured by the FHA or guaranteed by the VA	<i>"Freddie Mac identifies that this is a FHA/VA loan. This loan is not eligible for submission. Please contact 1-800-FREDDIE for assistance."</i>
Was repurchased after the third-party foreclosure sale was in process	<i>"Loan has been repurchased and is ineligible for settlement. Please contact 1-800-FREDDIE for assistance."</i>

## Data Elements You Must Enter to Submit a Third-Party Foreclosure Sale to Freddie Mac

You must enter the following data elements to submit a third-party foreclosure sale to Freddie Mac:

Screen	Data Element(s)
Borrower Information	Borrower First Name
Property	Sales Price
HUD-1	<ul style="list-style-type: none"><li>Settlement Date</li><li>Line 504 (Enter the higher of the sales price or gross proceeds. Do not enter net proceeds.)</li></ul>
Loan	DDLPI

## How to Model a Third-Party Foreclosure Sale

You may begin modeling the third-party foreclosure sale the business day after you notify us of the sale results via the Foreclosure Sale Reporting tool.

After you access Workout Prospector, perform the following steps to model a third-party foreclosure sale.

1. Enter the Freddie Mac loan number.



2. Click **Enter**. The following displays.



Workout Option: Select Workout Option  
Retention Program  
Liquidation

Submit

3. Select **Liquidation** from the pick list and click **Submit**. The Borrower Information screen displays.

Workout Option: Select Workout Option  
Retention Program  
Liquidation

Submit

4. Ensure that the borrower First Name field is populated and accurate. In some instances, the borrower's first name is also included in the Last Name field. If this occurs, make any necessary edits.

Save

### Borrower Information

Expand All | Collapse All

▼ Borrower

\* First Name: KEN \* Last Name: SMITH Salutation: ▼

\* Street: 123 MAIN STREET \* City: ANYTOWN \* State: NY ▼

\* Zip: 12345

☐ Willingness to maintain property  
☐ Is Someone Willing to Assume this Loan?

▲ Co-borrower 1

▲ Co-borrower 2

▲ Co-borrower 3

Next

5. Click **Property** on the To Do List. The Property screen displays.



**Property**

**Property Address**

Street: 123 MAIN STREET City: ANYTOWN State: NY Zip: 12345

Disaster Name:

**Valuation**

Conclusion Value (\$): Sales Price (\$):

**Credit Bid**

Foreclosure Bid Property Value Estimate: (\$) 138,000.00 Credit Bid: (\$) 79,804.00 Good Through Date: 08/31/2015 Valuation Method: BPO

Modified Credit Bid: (\$)

Contract Sales Date: Org Value (\$): 0.00

Units Rented: # of Units: 1 # of Units Rented: None

Property listed in MLS: Owner Occupied: Purchaser related to Seller: Aff. by Disaster:

Back Next

Enter the **Sales Price**.

This is equal to the value you reported for the Actual Bid Amount when you notified us of the foreclosure sale results via the Foreclosure Sale Reporting tool.

6. Click **HUD-1** on the To Do List. The HUD-1 screen displays.

**HUD1**

Expand All | Collapse All

Summary of Seller's Transactions

Buyer Name: Settlement Date: 11/26/2015

**400 Gross Amount Due to Seller**

Line 401 displays the sale price entered on the Property screen.

401 Contract Sales Price (\$): 80,000.00

402 Personal Property (\$): 0.00

Borrower Cash Contribution to Collateral Loss (\$): 0.00

Borrower Cash Contribution to Closing Costs (\$): 0.00

405 Table Funded MI Contribution (\$): 0.00

Adjustments for Items Paid by Seller in Advance

Enter the foreclosure sale date in the Settlement Date field.

Enter the higher of the sales price or gross proceeds on Line 504. Do not enter net proceeds.

502 Settlement charges to seller (line 1400) (\$): 0.00

503 Existing loan(s) taken subject to (\$): 0.00

504 Payoff of first mortgage loan (\$): 80,000.00

505 Payoff of second mortgage loan (\$): 0.00

506 Borrower's Relocation Incentive (\$): 0.00

7. Click **Loan** on the To Do List. The Loan screen displays.



**LOAN** Save

---

**Loan Information**

Loan Pooled: ☐ Workout Requested by Borrower: ☐

Origination Date: 10/04/2012 Funding Date: 11/14/2012 Original LTV (%): 90.000

Maturity Date: 11/01/2042 \* Current UPB (\$): 141,441.59 \* DDLPI: 11/01/2013

Participation %: 100.00 Note Rate (%): 4.125 Net Yield Rate (%): 3.810

Remaining Terms: 248 Foreclosure Begin Date: 05/19/2014 Scheduled Foreclosure Sale Date: 08/19/2015

---

**Current PITI**

P&I (\$): 0.00 Taxes (\$): 0.00

Hazard Insurance (\$): 0.00 Mortgage Insurance (\$): 0.00

\* Current PITI (\$): 0.00 Annual RE Taxes (\$): 0.00

---

**Second Lien Information**

2nd Lien UPB (\$): 0.00 Company Name:

---

**MI Information**

MI%: 25 MI Certification Number: 123654

MI Name: ESSENT GUARANTY, INC.

MI Warning:

Back Next

Ensure that the DDLPI is populated and accurate.

You are now ready to approve the third-party foreclosure sale. Refer to “How to Approve a Third-Party Foreclosure Sale” on the following page.





## How to Approve a Third-Party Foreclosure Sale

Perform the following steps to approve a third-party foreclosure sale. You must approve the third-party foreclosure sale to display the Liquidation Settlement link on the To Do List, which allows you to access the Third-Party Sale Settlement screen.

1. Click **Workout Summary** on the To Do List. The Workout Summary screen displays.

**Workout Summary**

Delegated Path Willingness? ☐ Workout Selected: ▼

Workout Type	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
Charge Off/Short Payoff	Not Evaluated	\$0.00	\$156,696.08	0.000%	
Deed In Lieu	Not Evaluated	\$0.00	\$124,229.11	0.000%	
Repayment	Not Evaluated	\$0.00			
<b>Third Party</b>	<b>Optimal</b>	\$0.00	\$53,980.17	0.000%	

Workout Model Control

Last Sent : N/A  
Status : Workout Status Unavailable

Back Send To FM

2. Select **Third Party** from the Workout Selected pick list.

**Workout Summary**

Delegated Path Willingness? ☐ Workout Selected: Third Party

Workout Type	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
Charge Off/Short Payoff	Not Evaluated	\$0.00	\$156,696.08	0.000%	
Deed In Lieu	Not Evaluated	\$0.00	\$124,229.11	0.000%	
Repayment	Not Evaluated	\$0.00	\$0.00	0.000%	0
<b>Third Party</b>	<b>Optimal</b>	\$0.00	\$53,980.17	0.000%	

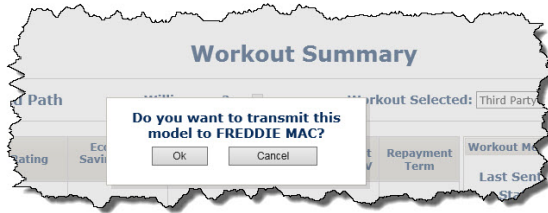
Workout Model Control


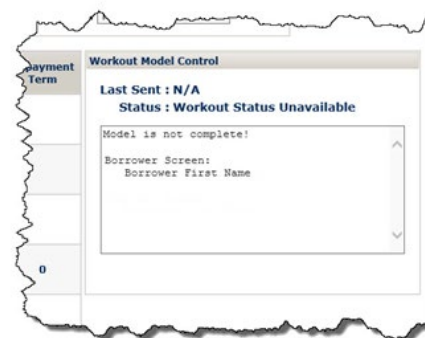
Last Sent : N/A  
Status : Workout Status Unavailable

Back Send To FM



3. Click **Send to FM**. The following message displays:



If:	Then:	
You want to approve the third-party foreclosure sale and send it to Freddie Mac	Click <b>OK</b> .	
	<b>If:</b> The model is complete (all required data has been provided)	<b>Then:</b> The following screen displays indicating that you have approved and successfully sent the third-party foreclosure sale to Freddie Mac: 
	The model is not complete (all required data has not been provided)	The following message displays:  Access each screen identified and provide the specific data elements that are missing.
You do not want to approve the third-party foreclosure sale and send it to Freddie Mac	Click <b>Cancel</b> to remain on the Workout Summary screen.	



## After You Approve and Transmit the Third-Party Foreclosure Sale to Freddie Mac

After you approve and transmit the third-party foreclosure sale to Freddie Mac, the Workout Summary screen displays the status as “AP” (approved). The **Send to FM** button no longer displays.

Save

### Workout Summary

Delegated Path

Willingness? ☐

Workout Selected: Third Party

Workout Type	Rating	Economic Savings Over REO	Projected Loss with Interest	Net Settlement Proceeds to MV	Repayment Term
<b>Charge Off/Short Payoff</b> <div>Override Warnings</div>	Fail	\$0.00	\$156,696.08	0.000%	
<b>Deed In Lieu</b> <div>Override Warnings</div>	Fail	\$0.00	\$124,229.11	0.000%	
<b>Repayment</b> <div>Repay Plan Warnings</div>	Fail	\$0.00	\$0.00	0.000%	0
<b>Third Party</b> <div>Override Warnings</div>	Optimal	\$0.00	\$43,750.58	0.000%	

Back

Workout Model Status

Last Sent : 10/12/2015  
WO Type : TP  
Status : AP

The **Send to FM** button no longer displays.

The workout status is approved (AP).



## Third-Party Foreclosure Sale Settlement

After you have approved the third-party foreclosure sale, received the sale proceeds, and reported the third-party foreclosure sale transaction (exception code 71) via the Loan Level Reporting tool, you are ready to settle it.

### The Third Party Sale Settlement Screen

The Third Party Sale Settlement screen is accessible via the Liquidation Settlement link on the To Do List. The link is available, but the screen is read-only, after you approve the third-party foreclosure sale on the Workout Summary screen.

You may enter comments and/or attest to the accuracy of the data on this screen after you report the third-party foreclosure sale transaction (i.e., close the loan). All other fields on this screen automatically populate and are not available for edit.

**Third Party Sale Settlement**

**Third Party Sale Settlement Information**

* Foreclosure Sale Date:	01/20/2010	* Foreclosure Sale Amount (\$):	29,501.00
* UPB (\$):	52,600.09	* Gross Proceeds (\$):	192,000.00
* ANY (%):	6.625	Credit Bid Amount (\$):	184,088.00
* DDLPI:	01/20/2009	Modified Credit Bid Amount (\$):	

By transmitting this data to Freddie Mac via Workout Prospector®, Servicer or its Authorized Third Party, as applicable, represents and warrants that it has complied with all applicable requirements set forth in the Freddie Mac Single-Family Seller/Servicer Guide and applicable Purchase Documents governing a) Servicer's delegated authority to liquidate the Mortgage, and b) Servicer's or Servicer's Authorized Third Party's use of Workout Prospector®, including that it has executed and filed a User Agreement with Freddie Mac.

☐ I Agree

**Buttons:**

- Submit:** Submits the third-party foreclosure sale to Freddie Mac for automated settlement.
- PDF Download:** Creates a file of the settlement data in pdf format available for download when the third-party foreclosure sale is settled.
- Manual Settlement Review:** Submits the third-party foreclosure sale to Freddie Mac for review prior to settlement. This button is enabled after one submission attempt.

**Comments:**

Enter Comments:

Enter comments related to settlement here.

**Comments History:** Display 5 Records

Entered By	Updated On	Comment			
First	<<	<	>	>>	Last



The following table identifies and provides a description of each field on the Third Party Sale Settlement screen.

Field Definition		
Foreclosure Sale Date	The date on which the foreclosure sale occurred.	These fields automatically populate based on the third-party foreclosure sale transaction (exception code 71) you reported via the Loan Level Reporting tool.  These fields cannot be edited.
UPB	The unpaid principal balance reported to Freddie Mac as of the last accounting cycle cutoff.	
ANY	The accounting net yield rate.	
DDLPI	The due date of the last paid installment received from the borrower.	
Foreclosure Sale Amount	This field automatically populates with the value you reported for Actual Bid Amount when you notified us of the sale results via the Foreclosure Sale Reporting tool.  If the value in this field is less than or equal to the Modified Credit Bid Amount (or the Credit Bid Amount if a Modified Credit Bid Amount does not exist), the following message displays: <i>“Foreclosure Sale Amount is less than or equal to the Credit Bid. Please send to Freddie Mac for Manual Settlement Review.”</i>	
Gross Proceeds	This field automatically populates with the amount entered on Line 504 of the HUD-1 screen.	
Credit Bid Amount	This field automatically populates with the value displayed in the Credit Bid field on the Property screen.	
Modified Credit Bid Amount	This field is read-only and automatically populates with the Modified Credit Bid Amount displayed on the Property screen, if applicable. <b>Note:</b> If the Credit Bid Amount <u>and</u> Modified Credit Bid Amount fields are blank, the following message displays: <i>“Credit bid is missing. Please submit the bid used in the foreclosure sale to <a href="mailto:shortsales@FreddieMac.com">shortsales@FreddieMac.com</a>.”</i>  If you receive this message e-mail Form 105, <i>Multipurpose Loan Servicing Transmittal</i> , to <a href="mailto:shortsales@FreddieMac.com">shortsales@FreddieMac.com</a> . Include the amount used for the bid on the form and supporting documentation. We will update the model and then notify you via e-mail when you can submit it for settlement.	



## Enter Comments to Provide Additional Details for Third-Party Foreclosure Sale Settlement

Before you submit the third-party foreclosure sale to Freddie Mac for settlement, make sure to document any additional details you want to communicate to us regarding settlement. To do this, perform the following steps:

1. Position your cursor in the Comments section of the screen.

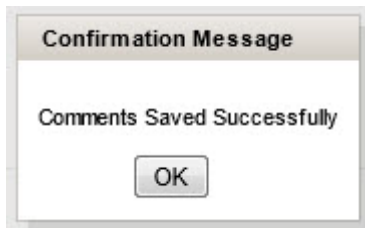
The screenshot shows a web interface with a section titled "Comments". Inside this section, there is a text input field with a vertical scrollbar on the right. To the left of the field is the label "Enter Comments:". Below the field, the text "Max 250 chars" is displayed. Below the text field is a "Save" button. At the bottom of the section, there is a "Comments History. Display" dropdown menu set to "5" and a "Records" link. The entire interface is framed by a torn paper effect.

2. Enter a comment, up to a maximum of 250 characters per comment.

This screenshot is similar to the previous one, but the text input field now contains the placeholder text "Type your comment here." with a cursor at the end. The "Save" button and the "Comments History. Display 5 Records" section remain the same. The interface is also framed by a torn paper effect.



3. Click **Save**. The following message displays indicating your comments have been saved.



4. Click **OK** to save your comment. Your comment will display in the Comments History section of the screen, as shown below.

The initial view displays 5 comments per page. Click the arrow to display 10 or 15 loans per page.



In addition to the comment you entered, your user ID and a date and time stamp also display in the comments history. Comments Freddie Mac has entered also display in this section of the screen.

5. Repeat steps 1 through 4 to enter and save additional comments. There is no limit to the number of comments you can enter.



## How to Submit Settlement Data for Third-Party Foreclosure Sales to Freddie Mac

Perform the following steps when submitting settlement data for a third-party foreclosure sale to Freddie Mac:

1. Document any additional details about the third-party foreclosure sale that you want to communicate to us in the Comments section of the screen.

The screenshot shows the 'Third Party Sale Settlement' screen. At the top right, there is a 'Save' button. Below it, a red box highlights the text 'Data saved' with a red arrow pointing to it. The main heading is 'Third Party Sale Settlement'. Below this is a section titled 'Third Party Sale Settlement Information'.

2. When you are ready to send the third-party foreclosure sale to Freddie Mac, read the attestation displayed at the bottom of the screen. Click the **I Agree** checkbox if you agree with the statement. The Submit button is now functional.

The screenshot shows the 'Third Party Sale Settlement' screen. It displays a legal attestation paragraph. Below the paragraph is a checkbox labeled 'I Agree', which is checked. A red arrow points to this checkbox. Below the checkbox is a 'Submit' button. To the right of the 'Submit' button are two buttons: 'PDF Download' and 'Manual Settlement Review'. A red asterisk indicates a required field. Below these buttons is a 'Comments' section.

3. Click **Submit** to send the third-party foreclosure sale to Freddie Mac for settlement.

If there are no discrepancies, a message displays indicating that settlement is complete and instructs you to monitor your *Detailed Adjustment Report* (DAR).

The screenshot shows the 'Third Party Sale Settlement' screen. At the top right, there is a 'Save' button. Below it, a red message states: 'Settlement complete. Please monitor your Detailed Adjustment Report (DAR) for updates.' The main heading is 'Third Party Sale Settlement'. Below this is a section titled 'Third Party Sale Settlement Information'. At the bottom, there are two fields: '\* Foreclosure Sale Date:' with the value '07/07/2015' and '\* Foreclosure Sale Amount (\$):' with the value '248,056.00'.

If there are discrepancies, the applicable error messages display at the top of the screen, as shown below. Resolve the discrepancies and click **Submit** or submit the third-party foreclosure sale for manual settlement review. See below for additional information on manual settlement review.





Save

### Third Party Sale Settlement

Foreclosure Sale Amount is less than or equal to the Credit Bid. Please send to Freddie Mac for Manual Settlement Review.

#### Third Party Sale Settlement Information

\* Foreclosure Sale Date: 06/24/2015 \* Foreclosure Sale Amount (\$): 84,200.00

4. Click **PDF Download** to download and retain a copy of the settlement data you submitted in your servicing file.

Submit PDF Download Manual Settlement Review

\* indicates a required field

The PDF Download button is available until the third-party foreclosure sale is archived.

## Manual Settlement Review for Third-Party Foreclosure Sales

In some instances, there may be discrepancies that you are not able to resolve and require Freddie Mac to manually review. To submit a third-party foreclosure sale for manual settlement review, click **Manual Settlement Review**.

Save

### Third Party Sale Settlement

Foreclosure Sale Amount is less than or equal to the Credit Bid. Please send to Freddie Mac for Manual Settlement Review.

#### Third Party Sale Settlement Information

\* Foreclosure Sale Date: 07/07/2015 \* Foreclosure Sale Amount (\$): 60,000.00

By transmitting this data to Freddie Mac via Workout Prospector®, Servicer or its Authorized Third Party, as applicable, represents and warrants that it has complied with all applicable requirements set forth in the Freddie Mac Single-Family Seller/Service Guide and applicable Purchase Documents governing a) Servicer's delegated authority to liquidate the Mortgage, and b) Servicer's or Servicer's Authorized Third Party's use of Workout Prospector®, including that it has executed and filed a User Agreement with Freddie Mac.

☒ I Agree

Submit PDF Download Manual Settlement Review

\* indicates a required field

Comments

After you submit the third-party foreclosure sale for manual settlement review, a message displays confirming the submission.



Save

### Third Party Sale Settlement

Foreclosure Sale Amount is less than or equal to the Credit Bid. Please send to Freddie Mac for Manual Settlement Review.  
Loan has been submitted to Freddie Mac for Manual Settlement Review. Please monitor your Workout Manager series reports for updates.

#### Third Party Sale Settlement Information

## Monitor the Third-Party Foreclosure Sale via the Servicer Performance Profile

After you submit the third-party foreclosure sale to Freddie Mac for settlement, monitor its status via the reports available under the Manager Series Reports section of the Servicer Performance Profile.

## Warning Messages

Per [Bulletin 2023-14](#), dated June 14, 2023 Servicers must have transitioned processing Payment Deferral and Flex Modification® products to Resolve no later than August 31, 2023. Prior to transitioning or August 31, 2023, if the loan was started in Workout Prospector, the loan will continue to be processed in Workout Prospector through the stages of the workout lifecycle including settlement, if applicable

For additional information refer to the [Workout Prospector® Online Help](#).

The warnings Workout Prospector® displays are specific to each workout type. You can view warnings in the following ways:

- For modifications: View loan-level eligibility warning messages on the Mortgage Attributes, Modeling Attributes, and Modification Solution screens when you click **Next** or **Submit for Calc**.
- View modification-level eligibility warning messages on the Modification Solution screen when you click **Submit for Calc**.
- View warning messages for liquidation options on the Warnings and Comments screen. Workout Prospector displays the warnings that correspond to the workout type currently selected on the Workout Summary screen.
- Click **Warnings** next to any of the workout types rated in the bottom area of the Workout Summary screen. Workout Prospector will display warnings that correspond to that workout type.

There are two types of warnings in Workout Prospector:

- Fatal warnings that require our approval and cause your model to be sent to us via the negotiated policy path.
- Warnings that do not affect the policy path of your model; however, call our attention to items that we may need to check for accuracy.

The following pages identify the warning messages that Workout Prospector may generate and the specific model types that may receive the warnings.

## Warning Messages for Alternatives to Foreclosure Other than Modifications and Payment Deferrals

You may receive the warning messages displayed below for the following alternatives to foreclosure:

- Charge-off (CO)
- Repayment Plan (RP)
- Make-whole Pre-foreclosure Sale (MW)
- Third-Party Foreclosure Sale (TP)
- Freddie Mac Standard Deed-in-Lieu of Foreclosure (DIL)



Refer to “Warning Messages for Modifications” in this Appendix for warnings applicable to modifications.

Warning Message	Fatal?		RP	MW	TP	
	CO	DIL				
W004: Loan is credit enhanced with Recourse.				X		No
W004: Loan is credit enhanced with recourse or indemnification. Requires Freddie Mac approval.	X	X				Yes
W007: Sale must be an arms’ length transaction. All parties involved in the sale must be unrelated/unaffiliated. Requires Freddie Mac approval.				X		Yes
W025: (Workout Type) Miscellaneous expenses have been overridden.	X	X		X		No
W026: (Workout Type) Miscellaneous income has been overridden.	X	X		X		No
W027: Loan is in REO status. Requires Freddie Mac approval.	X	X	X	X	X	Yes
W044: Original LTV > 80% and MI field is blank. Verify MI information is accurate.		X		X		No
W068: Projected credit loss (w/interest) is \$[actual amount for Projected Credit Loss]. Requires Freddie Mac approval.				X		Yes
W073: DIL requires Freddie Mac approval.		X				Yes
W076: Charge-off amount is \$[actual amount of charge-off]. Requires Freddie Mac approval.	X					Yes
W078: Loan is closed. Requires Freddie Mac approval.	X	X	X	X		Yes
W102: Payment to junior lien holder is greater than \$6,000. Requires Freddie Mac approval.				X		Yes
W105: Loan is credit enhanced with MI. Requires Freddie Mac approval.		X			X	No
W107: There is an amount on line 505 of the HUD-1 and no second lien UPB amount. Requires Freddie Mac approval.				X		Yes



Warning Message	Fatal?		RP	MW	TP	
	CO	DIL				
W115: Scheduled Foreclosure Sale Date is (mmddyyyy).	X	X	X	X	X	No
W116: Previous modification with forbearance.	X				X	No
W123: The minimum net proceeds is no longer valid. Minimum net proceeds are only valid for 90 days from the date of receipt within the Service Loans application. Requires Freddie Mac approval.				X		Yes
W124: Total Net Proceeds does not meet Minimum Net Proceeds. Requires Freddie Mac approval.				X		Yes
W125: Active loan. Borrower does not have a qualifying hardship reason. Requires Freddie Mac approval.				X		Yes
W126: Active loan. DTI is (actual DTI). Requires Freddie Mac approval.		X		X		Yes
W127: Active loan. Home is not owner occupied. Requires Freddie Mac approval.				X		Yes
W128: Borrower has non-retirement liquid assets greater than \$50,000. Requires Freddie Mac approval.				X		Yes
W129: Active loan. Cash contribution is less than 20% of non-retirement liquid assets which are \$10,000 or greater. Requires Freddie Mac approval.				X		Yes
W137: Borrower has obtained new mortgage within 6 months of DDLPI/evaluation. Requires Freddie Mac approval.		X		X		Yes



## Warning Messages for Modifications

Warning messages for modifications are categorized as either loan-level eligibility warnings or modification-level eligibility warnings. Loan-level eligibility warnings are associated with specific characteristics of the loan (e.g., loan status and loan product type), whereas modification-level eligibility warnings are related to the parameters of a specific modification program.

Warning messages for modifications will be generated and displayed as outlined below.

The following type of warning:	Is generated when you:	And displays on:
Loan-Level Eligibility	Click <b>Next</b> or <b>Submit for Calc</b>	The Mortgage Attributes, Modeling Attributes, and Modification Solution screens
Modification-Level Eligibility	Click <b>Submit for Calc</b>	The Modification Solution screen

### Warning Messages for Modifications

You may receive the warning messages displayed below for the following modifications:

- “Other Modifications” (OTH)

Warning Message	Warning Type			Fatal?
	OTH	Loan-Level Eligibility	Modification-Level Eligibility	
Warning: Loan is in REO status, not eligible for delegated approval.	X	X		Yes
Warning: Loan is closed, not eligible for delegated approval.	X	X		Yes
Warning: Loan is credit-enhanced with recourse, not eligible for delegated approval.	X	X		Yes
Warning: Loan is credit-enhanced with indemnification.	X	X		No
Warning: Loan is FHA/VA or Rural Housing, not eligible for delegated approval.		X		Yes
Warning: Loan is FHA/VA, not eligible for delegated approval.	X	X		Yes



Warning Message	Warning Type			Fatal?
	OTH	Loan-Level Eligibility	Modification-Level Eligibility	
Warning: Loan has been modified three or more times, not eligible for delegated approval.	X	X		Yes
Warning: Prior Modification for this mortgage defaulted within 12 months of the Workout Decision Date, not eligible for delegated approval.	X		X	Yes
Warning: Loan origination too recent, not eligible for delegated approval.	X		X	Yes
Warning: Previous modification with forbearance.	X	X		No
Warning: Property is condemned, not eligible for delegated approval.			X	Yes
Warning: Property is condemned.	X		X	No
Warning: Modification results in P&I increase, not eligible for delegated approval.			X	Yes
Warning: Modification results in P&I increase.	X		X	No
Warning: New Remaining Term exceeds 480 months.			X	Yes
Warning: Modified UPB is less than Current UPB.	X		X	No
Warning: Forbearance exceeds maximum allowable amount, not eligible for delegated approval.	X		X	Yes
Warning: Validate borrower's ability to pay.	X		X	No
Warning: New Remaining Term is less than the Current Remaining Term.	X		X	No



Warning Message	Warning Type			Fatal?
	OTH	Loan-Level Eligibility	Modification-Level Eligibility	
Warning: Non-owner-occupied property and loan is insufficiently delinquent, not eligible for delegated approval.	X		X	Yes
Warning: Workout Decision Date is prior to program origination, not eligible for delegated approval.			X	Yes
Warning: Modification does not meet targeted HTI ratio – additional forbearance required, not eligible for delegated approval.			X	Yes
Warning: Modification does not result in sufficient P&I relief.			X	No
Warning: This is an ARM loan, validate the new interest rate per the policy.		X		No
Warning: Forbearance amount outside of allowable limits, not eligible for delegated approval.			X	Yes
Warning: Modification does not meet imminent default requirements, not eligible for delegated approval.			X	Yes
Warning: Modified MTMLTV is outside the allowable limit, not eligible for delegated approval.			X	Yes



## Modification and Payment Deferral Statuses

Per [Bulletin 2023-14](#), dated June 14, 2023 Servicers must have transitioned processing Payment Deferral and Flex Modification® products to Resolve no later than August 31, 2023. Prior to transitioning or August 31, 2023, if the loan was started in Workout Prospector, the loan will continue to be processed in Workout Prospector through the stages of the workout lifecycle including settlement, if applicable. For additional information refer to the [Workout Prospector® Online Help](#).

There are three statuses available via the Modification Status pick list on the Modification Solution screen:

- Draft
- Modification Program – Approve
- Modification Program – Borrower Declined Terms/Ineligible

After 365 days of no activity, Workout Prospector will automatically change the status to Modification Program – Borrower Declined Terms/Ineligible.

The following pages identify the statuses in their order of sequential progression. Once you select and save the model in a particular status, you may not regress to a status earlier in the sequence.

Status	When to Select	While in this status, you:
<b>Draft</b>	<p>The borrower is under consideration for a modification or Payment Deferral. However, additional information is needed.</p> <ul style="list-style-type: none"> <li>▪ Data or partial data is entered.</li> <li>▪ A solution has been generated, but user input data is still subject to change.</li> </ul>	<ul style="list-style-type: none"> <li>▪ May view the data.</li> <li>▪ May submit for calculation.</li> <li>▪ May save a modification to Trial Period – Approve status if a solution is successfully generated when you click <b>Submit for Calc.</b></li> </ul>
<b>Modification Program - Approve</b>	<ul style="list-style-type: none"> <li>▪ Data for the final modification has been entered and the modification terms have been regenerated. The modification is ready for settlement.</li> <li>▪ Data for the Payment Deferral has been entered and it is ready for settlement.</li> </ul>	<ul style="list-style-type: none"> <li>▪ May view the data for six months.</li> <li>▪ Settle the modification or Payment Deferral via the automated settlement functionality in Workout Prospector.</li> </ul> <p>The model cannot be edited once the loan is saved in this status.</p>
<b>Modification Program - Borrower Declined Terms/Ineligible</b>	<ul style="list-style-type: none"> <li>▪ Data and/or documentation for the final modification were not received or entered within the required timeframe.</li> <li>▪ The borrower declined the terms of the modification or Payment Deferral.</li> </ul>	<p>May view the data for six months.</p> <p>The model cannot be edited once the loan is saved in this status.</p>

## Introduction

You must use the rules-based approach outlined in the Freddie Mac *Single-Family Seller/Servicer Guide* (Guide) [Section 9206.7](#) to determine imminent default for mortgage modifications and [Section 9209.3\(c\)](#) for deeds-in-lieu of foreclosure.

Per [Bulletin 2023-14](#), dated June 14, 2023 Servicers must have transitioned processing Payment Deferral and Flex Modification® products to Resolve no later than August 31, 2023. Prior to transitioning or August 31, 2023, if the loan was started in Workout Prospector, the loan will continue to be processed in Workout Prospector through the stages of the workout lifecycle including settlement, if applicable

For additional information refer to the [Workout Prospector® Online Help](#).

To be considered to be in imminent default, the borrower must meet all requirements under Business Rule 1, and must meet the requirements for either Business Rule 2 or Business Rule 3. This section outlines the requirements for Business Rules 1, 2, and 3, and, for each requirement, identifies the fields in Workout Prospector you must complete to document imminent default.

For additional information about Freddie Mac's imminent default requirements, refer to the following Guide Section [9209.3\(c\)](#)

## How to Document Business Rule 1 in Workout Prospector

Each borrower must meet all of the following requirements in Business Rule 1. The following table identifies the fields you must complete to document Business Rule 1 in Workout Prospector.

	Requirement	Screen	Data Element
Business Rule 1	Freddie Mac has received a complete Borrower Response Package.	Modeling Attributes	<ul style="list-style-type: none"> <li>Workout Evaluation Date (Date Borrower Response Package Received)</li> </ul>
	The mortgage is current or less than 60 days delinquent (i.e., less than three monthly payments past due) as of imminent default evaluation date.	Mortgage Attributes	<ul style="list-style-type: none"> <li>Current Last Paid Installment Date (DDLPI)</li> </ul>
	The borrower occupies the residence as a primary residence, or at least one borrower on the mortgage occupies the property as his or her primary residence.	Modeling Attributes	<ul style="list-style-type: none"> <li>Property Status Vacancy</li> </ul>
		Mortgage Attributes	<ul style="list-style-type: none"> <li>Current Property Type</li> </ul>
	The borrower has cash reserves less than \$25,000.	Modeling Attributes	<ul style="list-style-type: none"> <li>Checking Accounts</li> <li>Savings/Money Market</li> <li>Stocks/Bonds/CD</li> </ul>
	The borrower has an eligible hardship as described in Guide Section 9202.2.	Modeling Attributes	<ul style="list-style-type: none"> <li>Select the appropriate hardship reason(s) from the Hardship Reasons pick list.</li> </ul>



## How to Document Business Rule 2 in Workout Prospector

The following table identifies the fields you must complete to document Business Rule 2 in Workout Prospector.

Business Rule 2	Requirement	Screen	Data Element
	The borrower's FICO score is less than or equal to 620 in accordance with Guide Section 9206.7 (e)	Modeling Attributes	<ul style="list-style-type: none"><li>▪ Borrower FICO</li><li>▪ Co-borrower FICO</li></ul>
	And...	N/A. Freddie Mac will confirm the delinquency status via its internal reports after you submit the Workout Prospector model.	
	Or...	Modeling Attributes	<ul style="list-style-type: none"><li>▪ Monthly Property Taxes</li><li>▪ Monthly Hazard/Flood Insurance</li><li>▪ Ancillary Monthly Fees</li><li>▪ Actual Monthly Escrow Shortage Payment</li><li>▪ Monthly Gross Income</li><li>▪ Monthly Gross Unemployment Income</li><li>▪ Monthly Gross Rental Income</li></ul>
	The borrower's pre-modification housing expense-to-income ratio is greater than 40 percent.	Mortgage Attributes	<ul style="list-style-type: none"><li>▪ Current P&amp;I</li></ul>



## How to Document Business Rule 3 in Workout Prospector

Business Rule 3	Requirement	Screen	Data Element
	<ul style="list-style-type: none"><li>▪ The Borrower is considered in non-retention imminent default if the Borrower meets the requirements of Business Rule 1, and the Borrower provided the documentation required in <a href="#">Section 9202.2</a> supporting one of the Imminent Default Hardships listed below:</li><li>▪ Death of a borrower or death of either the primary or secondary wage earner in the household</li><li>▪ Long-term or permanent disability; or serious illness of a borrower/co-borrower or dependent family member</li><li>▪ Divorce or legal separation; separation of borrower unrelated by marriage, civil union or similar domestic partnership under applicable law; or</li><li>▪ Principal and interest payment increase as a result of an interest adjustment applied to a step-rate mortgage no more than 12 months prior to the evaluation date</li></ul>	Modeling Attributes	No extra reporting is required in Workout Prospector. The imminent default hardship reason(s) will already be reported as part of Business Rule 1 in the Hardship Reasons field.