Workout Prospector Users' Guide

March 2024

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Chapter 4: Document Comments for Modifications

Chapter 5: Automated Settlement for Modifications

Chapter 6: Enter Data for Liquidation Options

Chapter 7: Analyze and Adjust Liquidation Options

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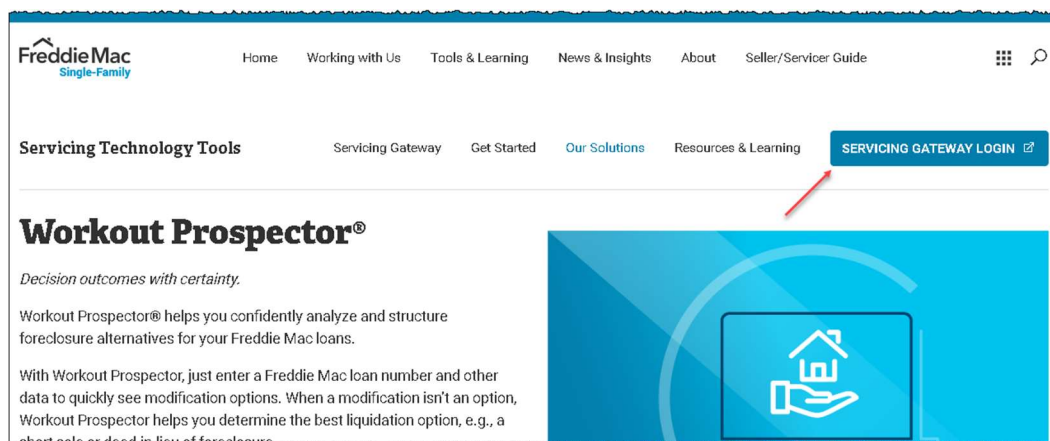
2. Enter your user ID and password when prompted. The Servicing Gateway home page displays.

3. Click the Workout Prospector **Open** button.
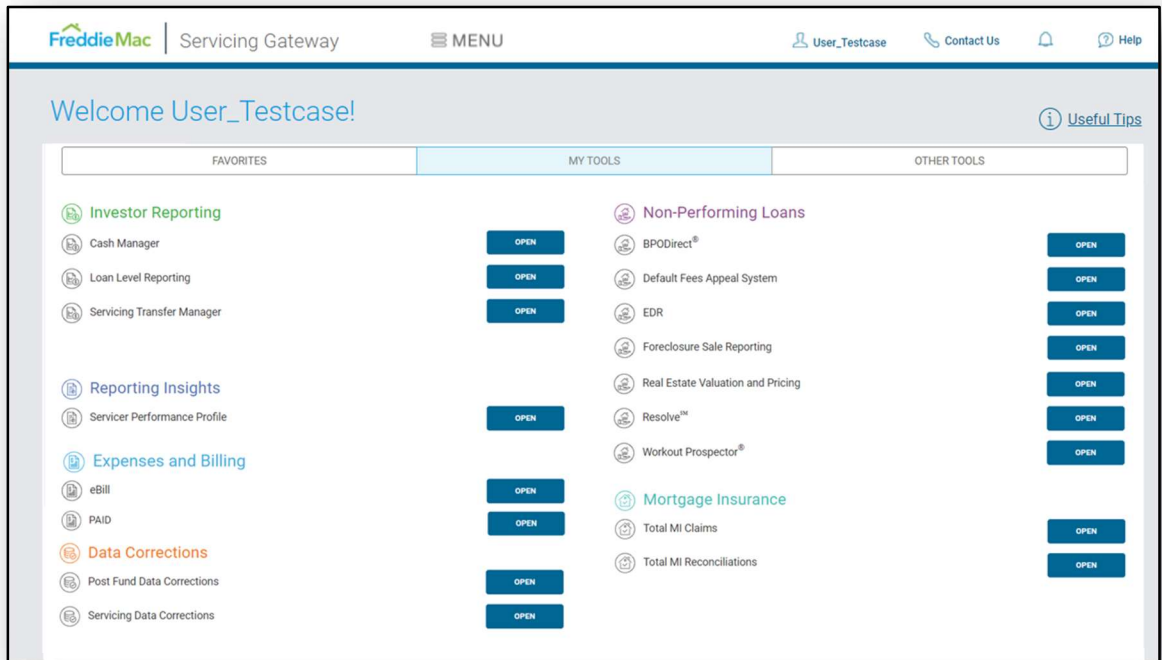
The following screen displays. You have successfully logged in to Workout Prospector.

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.

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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.

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 **does not exist**	Allow you to create a new model. Select a workout option type and click **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 **does exist**	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.

Home | Help | Logout

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

Freddie Mac Loan Number: 123456789   Borrower Name: Julie Smith
Servicer Loan Number: 0099887   Co-Borrower Name:
Property Address 123 Main Street Anytown, NY 12345

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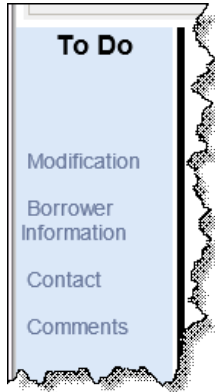
The To Do List is located on the left side of each screen and displays whenever a model is open. The To Do List is dynamic, and the selections displayed depend on the type of alternative to foreclosure you are evaluating.

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.

A red asterisk indicates a required data element.
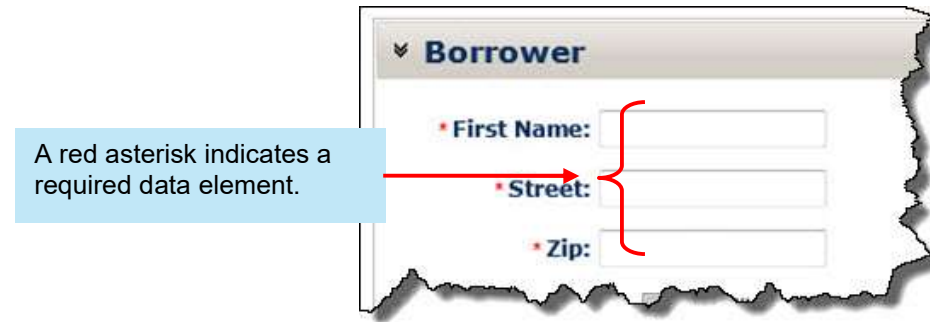
Expanding and Collapsing the Screens

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 **Expand All**.
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 **Collapse All**.
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.

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.

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.
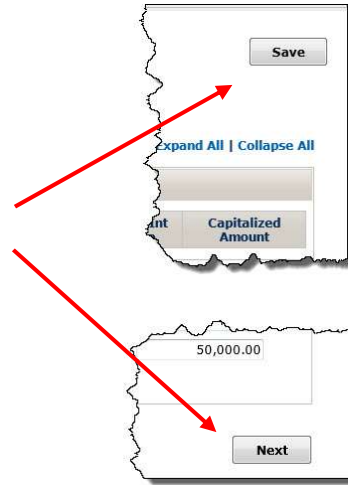
Inactivity

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 **Save** or **Next**. 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.
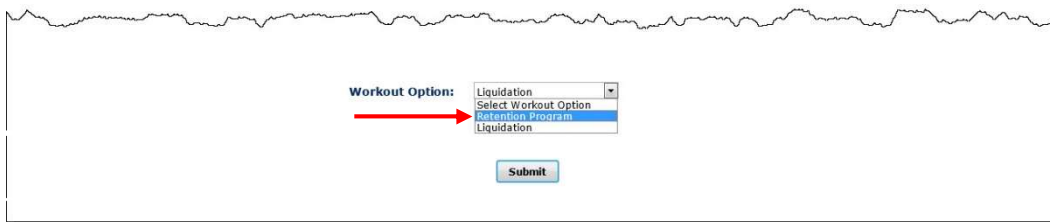
   The Modification Type pick list displays below the Workout Option pick list.

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.
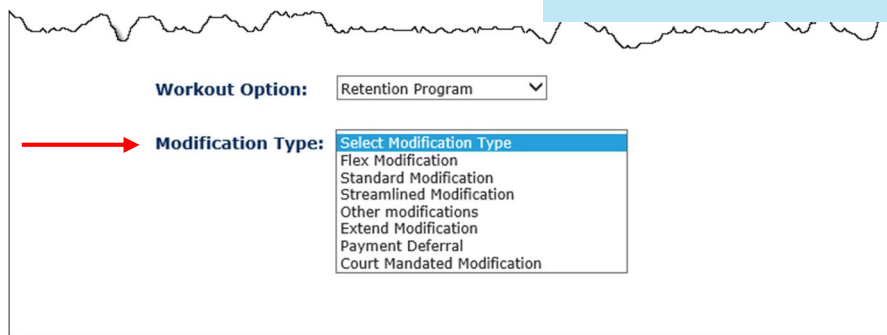
3. Click **Submit**.

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

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

The pick list displays the modification type you selected.

The modification is in Draft status.

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.

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.

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

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: 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 Loan Product: SFFR-30

* Current UPB ($): 215,961.91   * Current Interest Rate (%): 5.250

* Current Remaining Term (in Months):   * Current P&I ($):

* Current Property Type: * Current Property Value ($):

* Current Last Paid Inst. Date (DDLPI):

Next

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Current Mortgage Attributes

Current Maturity Date: 01/01/2035   Current Loan Product: SFFR-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	Indicates the type of modification as one of the following: ▪ HAMP Modification ▪ SMP ▪ Standard Modification ▪ FDIC ▪ Mass Mod ▪ Disaster ▪ Alt ▪ Underwater ▪ Streamlined Modification ▪ Litigation ▪ Classic ▪ Cramdown ▪ USDA Modification ▪ Flex ▪ Payment Deferral (standard) ▪ Other
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 forborne principal.
Non-Interest Bearing UPB	Total amount of principal forborne as of the modification effective date.

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Gross UPB	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.
Modified Term	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.
Modified Interest Rate	The initial interest rate for the modified mortgage. For step rates, this field displays the initial interest rate that was in effect.
Capitalized Amount	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	
Loan Origination Date	Date on which the mortgage was originated. This field will automatically populate and cannot be edited.
Original UPB	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: *"Enter an amount between $1.00 and $10,000,000.00."*
Original Term (in months)	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.
Original Interest Rate	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: *"Enter a rate between 1% and 15%."*
Original LTV	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: *"Enter a rate between 1% and 15%."*

Mortgage Attributes – Current Mortgage Attributes

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

Field Definition	
Current Maturity Date	The date on which the existing mortgage matures, and the final payment is due. This field will automatically populate and cannot be edited.
Current UPB	The gross unpaid principal balance (UPB) reported to Freddie Mac as of the last accounting cycle. 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. If the value entered is invalid, the following message displays: *"Enter an amount between $1.00 and $10,000,000.00."*
Current Remaining Term (in months)	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. If the mortgage was previously modified, enter the remaining term for the latest modification. 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. Under no circumstances may the terms of a modification agreement be based on the remaining term entered as of the Evaluation Date.
Current Property Type	Use the pick list to identify the property type as owner-occupied (primary residence), non-owner occupied (investment property), or second home. This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide Section 9206.7(b).

Field Definition	
Current Last Paid Installment Date (DDLPI)	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. This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide Section 9206.7(b).
Current Loan Product	Describes the type of loan. This field may pre-populate.
Current Interest Rate	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. 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. For ARMs, this value may be different when you determine the final modified terms and prepare the Modification Agreement. 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. If you enter an invalid value, the following error message displays: *"Enter a rate between 1% and 15%."*
Current P&I	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. If you enter zero in this field, the following error message displays when you leave the data entry field: *"Please enter a valid positive number greater than zero."* 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. For loans to service members who are receiving a reduced rate and payment relief under the Servicemembers Civil Relief Act, the current P&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. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).

Field Definition	
Current Property Value	Enter the property value you obtained in accordance with the requirements of Guide Section 9206.8. 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. The property value you enter must be greater than zero.
Rural Housing Identifier	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.

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.

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.

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	
Suspense/ Restricted Escrow	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: - Funds held in suspense, which include funds held for payments received but unapplied during the trial period - Restricted escrow This value is subtracted from the total arrearages when they are capitalized.
Borrower Contribution	The total cash amount the borrower will contribute toward the UPB, delinquent interest, and other arrears. A borrower is required to make a contribution toward the arrearages in accordance with Guide Section 9206.15.
MI Partial Claim Amount	Do not enter a value in this field.
Projected Escrow Shortage	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. 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. 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: - The borrower elects to pay the shortage over a 60-month period. - 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. This value may change when you determine the final modified terms.

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Field Definition	
Projected Escrow Shortage, continued	**Note:** If the borrower elects to remit the shortage over a period of less than 60 months, do not enter a value in this field. Instead, take the following actions: ▪ Calculate the monthly escrow shortage and/or advance repayment amount separately; and ▪ Include the monthly amount owed under the escrow repayment plan in the Ancillary Monthly Fees field on this screen.
Actual Monthly Escrow Shortage Payment	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. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).

Total Capitalized Arrears	This field automatically populates and is equal to:
	
	       Legal Fees and Costs
	  + Property Preservation
	  + Escrow Advances
	  + Delinquent Interest
	   - Suspense/Restricted Escrow
	   - Borrower Contribution
	  = Total Capitalized Arrears

Legal Fees and Costs	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, *Approved Attorney Fees and Title Expenses*.
Property Preservation	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, *1-4 Unit Property Approved Expense Amounts*. This value may change when you determine the final modified terms.
Escrow Advances	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.
Actual Escrow Shortage	The total escrow shortage (not the monthly payment) on the existing mortgage, prior to modification, for the loan you are evaluating.

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	The delinquent interest field auto-populates and is not editable on the Modeling Attributes screen. **For fixed-rate, ARM and step-rate mortgages without a rate change during the delinquency period:** 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. 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. **Note:** 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. **For ARM and step-rate mortgages with a rate change during the delinquency period:** 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.

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	
Checking Accounts	Total dollar amount of all balances for all checking accounts. This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide Section 9206.7(b).
Savings/Money Market	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 Section 9206.7(b).
Stocks/Bonds/CD	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 Section 9206.7(b).
Monthly Gross Income	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 Section 9206.7(b).
Monthly Net Income	Total monthly net income for all borrowers on the Note plus any non-obligor income being used.
Monthly Gross Unemployment Income	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 Section 9206.7(b). **Note:** You must first comply with the unemployment forbearance requirements in Guide Sections 9203.22 through 9203.24 before considering an unemployed borrower for a loan modification.

Field Definition	
Monthly Gross Rental Income	The total gross monthly rental income the borrower receives from the subject property. This field defaults to zero. If you delete the value and click **Submit for Calc**, the following message displays: *"Value is required."* This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).
Monthly Property Taxes	$1/12^{th}$ of the required annual escrow amount for the payment of property taxes, plus the applicable monthly escrow cushion. 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. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).
Monthly Mortgage Insurance	$1/12^{th}$ of the required annual mortgage insurance premium assessed for the property, plus the applicable monthly escrow cushion.
Monthly Liabilities	This field is no longer required. If you are prompted to enter a value, you may enter zero.
Monthly Hazard/Flood Insurance	$1/12^{th}$ of the annual escrow amount that you collect for the payment of hazard insurance premiums, plus the applicable monthly escrow cushion. $1/12^{th}$ of the annual flood insurance premium assessed for the property, plus the applicable monthly escrow cushion. 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. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).
Field Definition	
Ancillary Monthly Fees	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. 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. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).
Monthly Living/ Miscellaneous Expenses	This field is no longer required. If you are prompted to enter a value, you may enter zero.

Modeling Attributes – Additional Information

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

Field Definition	
Borrower FICO	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 Section 9206.7(b).
Co-borrower FICO	The co-borrower's FICO score. This field is required to meet Imminent Default Evaluation Business Rule 2, per Guide Section 9206.7(b).
Next ARM Reset Rate	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 **Save**: *"Value is required."*
Next ARM Reset Date	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 **Save**: *"Value is required."*
MI Coverage Percent	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?	You must use the rules-based approach for determining imminent default for mortgage modifications in accordance with Guide Section 9206.7, but may implement the change sooner. Refer to the following when using the rules-based approach for determining imminent default for modifications: For information on documenting imminent default in Workout Prospector, refer to Appendix C.
	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	Select the appropriate hardship reason based on the hardship documented on Form 710, *Mortgage Assistance Application*. 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, *Document Comments for Modifications and Payment Deferrals*. **Note:** You must select the appropriate eligible hardship reasons in this field regardless of whether the borrower is in imminent default. This field is required to meet Imminent Default Evaluation Business Rule 1, per Guide Section 9206.7(b).

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	
Property Condition	Select one of the following from the pick list to indicate the condition of the property: ▪ Condemned ▪ Abandoned ▪ N/A
Workout Evaluation Date (Date Borrower Response Package Received)	The date on which you receive a complete Borrower Response Package.
Property Status Vacancy	Indicates whether the property is vacant. Select "Yes" if the property is currently vacant. Select "No" if it is not vacant.
Workout Decision Date (Date Borrower Evaluated for Modification)	The date on which eligibility for an "other modification" is determined. The date on which you evaluate the borrower, property, and mortgage for eligibility. ▪ For initial data entry, this field automatically populates with the current date. ▪ The date must not be a future date. If the date you enter is a future date, the following message displays: *"Cannot be a future date."*
Primary Residence Monthly Mortgage Expenses (PITIAS)	Enter a value greater than zero in this field if you selected "Non-Owner Occupied" or "2ⁿᵈ 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**.

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 **Submit for Calc**.

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 ($): 204,739.89   Forbeared UPB ($): 0.00   Gross UPB ($): 204,739.89
(Principal Forbearance Amount)

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	**Current:** 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. **New:** 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&I Payment fields recalculate. **Difference:** The difference between the current interest rate for the existing mortgage and the new interest rate for the modification.
Remaining Term	**Current:** The remaining term, in number of months, of the existing mortgage, starting from the Evaluation Date. **New:** 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&I Payment, new PITIAS, new DCR, new DTI, Ability to Pay P&I, Ability to Pay Rate, and Maturity Date fields recalculate based on the remaining term you entered. **Difference:** The difference between the current term of the existing mortgage, and the term of the modified mortgage, in number of months.
UPB	**Current:** The current unpaid principal balance (UPB) of the existing mortgage. **New:** The UPB of the modified mortgage. This amount is equal to the current UPB for the existing mortgage, plus total capitalized arrearages. **Difference:** The difference between current UPB and the amortizing UPB for the modified mortgage.
Mortgage P&I Payment	**Current:** The current P&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&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. **New:** The P&I portion of the borrower's monthly payment for the modified mortgage. **Difference:** The difference between the P&I monthly payment for the existing and modified mortgage, reflected as a percentage.

Field Definition	
PITIAS	Workout Prospector calculates the PITIAS as follows: **Current:** Current P&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 **New:** New P&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 **Difference:** The PITIAS for the modified mortgage minus the PITIAS for the existing mortgage.
DCR	The debt coverage ratio. **Current:** The debt coverage ratio for the existing mortgage. **New:** 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&I Payment, and new PITIAS fields recalculate based on the DCR you entered. **Difference:** The difference between the debt coverage ratios for the existing mortgage and modified mortgage.

Total Capitalized Arrears	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.
	
	         Legal Fees and Costs
	  + Property Preservation
	  + Other Advances
	  + Delinquent Interest
	   - Suspense/Restricted Escrow
	   - Borrower Contribution
	  _____
	  = Total Capitalized Arrears

Field Definition	
Delinquent Interest	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.
	Workout Prospector will calculate the amount of delinquent interest as follows:
	(UPB x Interest Rate) ÷ 12 x Number of months from DDLPI through the effective date of the modification interest rate change
	Ensure that you account for any interest rate changes that occurred from the DDLPI through the effective date of the modification interest rate change.
	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.
	Note: Delinquent interest must not be calculated using a "declining balance method" when the borrower has not been making any payments.
Ability to Pay P&I	The amount of principal and interest the borrower is able to pay based on a 1.2 DCR.
Ability to Pay Rate	The ability to pay rate based on a 1.2 DCR.
Monthly Gross Rental Income	The total monthly gross rental income the borrower receives, if applicable.
Monthly Net Rental Income	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.
	Workout Prospector will use the following calculation to determine this value when you click **Submit for Calc**:
	(Monthly Gross Rental Income x 75 percent) - New PITIAS = Monthly Net Rental Income
	The result may be zero, or a positive or negative value.
Interest Bearing UPB	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 forborne principal. The borrower's monthly P&I payment is calculated based on the interest bearing UPB.
	This field is available for edit. If you edit the value in this field the new Mortgage P&I Payment, new PITIAS, new DCR, new DTI, Ability to Pay P&I, and Ability to Pay Rate fields will recalculate.
	You must also edit the value in the Forbeared UPB field so that the Interest Bearing UPB and Forbeared UPB equal the Gross UPB.

Field Definition	
Forbeared UPB (Principal Forbearance Amount)	Total amount of principal forborne. 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 forborne principal balance.
Gross UPB	Interest-bearing UPB plus the non-interest bearing forborne UPB equals the gross UPB.
Interest Rate Change Date	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.
First Payment Due Date	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.
Maturity Date	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.
DTI Ratio	The debt-to-income ratio for the subject property. **For owner-occupied properties**, Workout Prospector calculates the DTI as follows: New PITIAS ÷ Monthly Gross Employment Income = DTI Ratio **For second homes**, Workout Prospector calculates the DTI as follows: (New PITIAS + Primary Residence PITIAS) ÷ Monthly Gross Employment Income = DTI Ratio **For non-owner-occupied properties when the monthly net rental income is zero or value greater than zero**, Workout Prospector calculates the DTI as follows: Primary Residence PITIAS ÷ (Monthly Gross Employment Income + Monthly Net Rental Income) = DTI Ratio **For non-owner-occupied properties when the monthly net rental income is a value less than zero**, Workout Prospector calculates the DTI as follows: (Primary Residence PITIAS + Monthly Net Rental Income) ÷ Monthly Gross Employment Income = DTI Ratio

| Field Definition	
Pre-modified MTM LTV	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. Current UPB divided by the Property Value multiplied by 100 = Pre-modified MTMLTV
Post-modified MTM LTV	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. Modified interest-bearing UPB divided by the Property Value multiplied by 100 = Post-modified MTMLTV
Signed Final Documents Received Date	Enter the date you received the executed modification agreements from the borrower.
Signed Final Documents Received Date	Enter the date you received the executed modification agreements from the borrower.
Modification Status	The current status of the modification. For "Other modifications" only the following statuses are available for selection: ▪ Draft ▪ Modification Program – Borrower Declined Terms/Ineligible **Note:** 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. Refer to Appendix B for information on the modification statuses.
Decline Reason	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 redisplays with the following message:
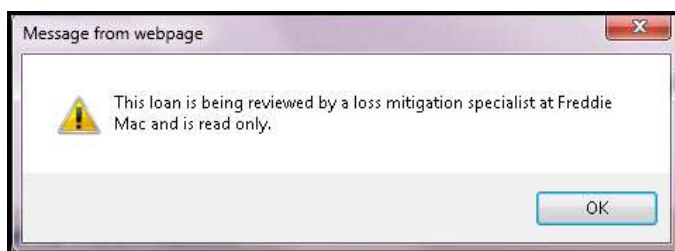
Click **OK** to close the message.

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:
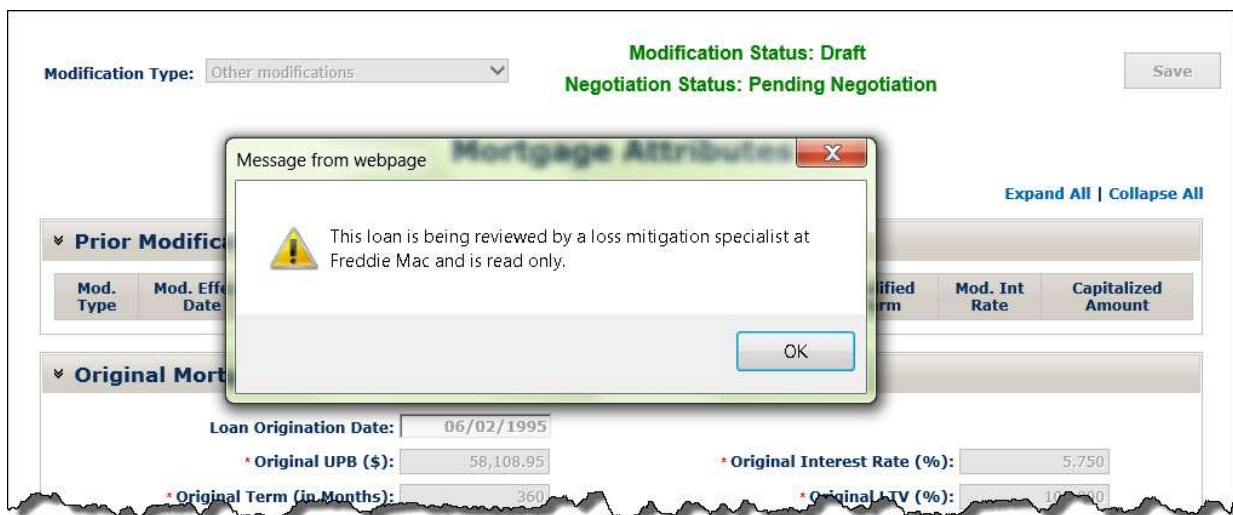
After We Complete Our Review of "Other Modifications"

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 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.

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.

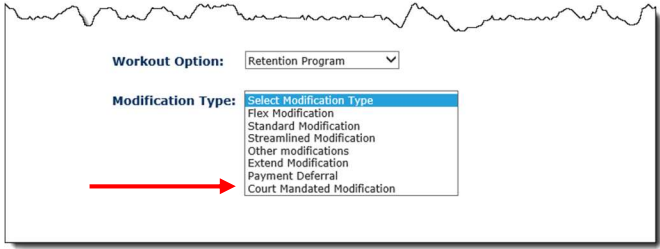All fields are disabled and cannot be changed.

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	Select **Court Mandated Mod** from the Modification Type pick list when you create the model.

A Flex Modification is in progress	Select **Court Mandated Mod** from the Modification Type pick list on the Mortgage Attributes or Modeling Attributes screens. Borrower Nam Co-Borrower Nam Select Modification Type Flex Modification Standard Modification Streamlined Modification Other modifications Extend Modification Payment Deferral Court Mandated Modification Liquidation Modification Type: Modification Status: Draft **Mortgage Attributes** ⌄ **Prior Modifications**
A liquidation option is in progress	Select **Court Mandated Mod** from the To Do List. Warnings and Comments Business Plan Letters Court Mandated Mod Model Modification

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

Message from webpage

Are you sure you want to model Court Mandated Modification? Click Cancel to stay on current page

OK   Cancel

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:

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: ▪ Bankruptcy ▪ Litigation	
	If you select:	**Then:**
	Bankruptcy	The Bankruptcy Type pick list is available.
	Litigation	The Bankruptcy Type pick list is <u>not</u> 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. **Note:** If the value in the Modified Note Rate field is zero percent, this field will also display zero percent.	

Field Definition	
Mod Effective Date	The date that the new interest rate is effective, which is also the effective date of the modification. 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. The date cannot be a future date.
First Payment Due Date	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.
Term of the Mod (In Months)	The full term of the modified mortgage, reflected in number of months. The number of months cannot exceed 480.
Maturity Date	The date that the modified mortgage matures. This field automatically populates when you enter a value in the Term of the Mod field.
Confirmation Date	The date that a Chapter 12 or 13 bankruptcy plan was confirmed or a reorganization plan was agreed to for a Chapter 11 bankruptcy. The date cannot be a future date.
P&I	The principal and interest portion of the borrower's monthly payment for the modified mortgage. This value automatically calculates when you enter a value in the Interest Bearing Modified UPB field. This field is available for edit only when the Balloon check box is selected.
UPB at Confirmation	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.
DDLPI at Confirmation	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. 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. The Interest from DDLPI to Mod Effective Date field automatically populates when you enter a date in this field.

Field Definition	
UPB Write-Down	The amount of principal that the bankruptcy court either discharges and/or is no longer subject to the lien.
	This value should always be less than or equal to the value calculated and displayed in the Total Write-off field.
	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.
	See "Special Instructions for Completing the UPB Write-Down and Interest Bearing Modified UPB Fields" in this chapter.
Balloon	Select this check box if you are entering a court mandated modification with a balloon payment.
	The P&I field is available for edit when this check box is selected.
Step Rate	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.

Field Definition		
Step Rates Table	Step rate data displays when you select the Step Rate check box. Refer to the following table to ensure you are providing the appropriate data in each field of the Step Rates 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)."*
DDLPI	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. This field automatically populates and is not available for edit.	
Current UPB	The unpaid principal balance reported to Freddie Mac as of the last accounting cycle prior to the first modified payment due date. This field automatically populates and is not available for edit.	

Field Definition	
Interest from DDLPI to Mod Effective Date	The amount of interest accrued from the DDLPI to the modification effective date. This field automatically populates when you enter values in the DDLPI at Confirmation and UPB at Confirmation fields.

Other Amounts Advanced or to be Advanced	The total amount for any of the following expenses:
	
	  ▪ Funds advanced by you, or to be advanced and paid to a third party for the payment of real estate taxes and insurance premiums (**Reminder:** 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.)
	  ▪ Any other expenses that were advanced and paid to a third party as specified in Guide Sections 9301.34 and 9701.5.
	
	If there are no other amounts advanced or to be advanced, enter zero in this field.

Legal Fees and Costs	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. If there are no legal fees or costs, enter zero in this field.
Property Preservation Expenses	Property preservation expenses, including property inspection fees, incurred from the DDLPI to the effective date of the modification. If there are no property preservation expenses, enter zero in this field.
Total Additions Plus Current UPB	This field automatically populates and is calculated as follows: Current UPB + Interest from DDLPI to Mod Effective Date + Other Amounts Advanced or to be Advanced + Legal Fees and Costs + Property Preservation Expenses

Amount Held in Suspense/ Restricted Escrow	The sum of the following:
	
	  ▪ Funds held in suspense
	  ▪ Restricted escrow

Total Write-off	The total amount to be written off. This field automatically populates and is calculated as follows: Total Additions Plus Current UPB – Interest Bearing Modified UPB **Note:** 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.

Field Definition	
Deferred Non-Interest Bearing UPB	Total amount of principal forborne as of the modification effective date. **Note:** 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.
Interest Bearing Modified UPB	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.

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.

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.

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.

$164,264.98 – $150,264.98 = $14,000 (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.

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.

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.

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.

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 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:

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 current status is "Approve."

Court Mandated Modification

		Current UPB Plus Additions	
		DDLPI: 01/01/2016	
Modification Type: Bankruptcy		Current UPB ($): 156,083.00	
* Bankruptcy Type: Chapter 11		Interest from DDLPI to Mod Effective Date ($): 1,593.75	
* Modified Note Rate (%): 3.750		* Other Amounts Advanced or to be Advanced ($): 1,000.00	
Accounting Net Yield (%): 3.500		* Legal Fees and Costs ($): 1,000.00	
* Mod Effective Date: 04/01/2016		* Property Preservation Expenses ($): 500.00	
First Payment Due Date: 05/01/2016		Total Additions Plus Current UPB ($): 160,176.75	
* Term of the Mod (in months): 480		**Subtractions To Principal Balance**	
Maturity Date: 04/01/2056		Amount Held In Suspense/Restricted Escrow ($): 1,000.00	
* Confirmation Date: 04/14/2016		Total Write-off ($): 10,093.75	
* P & I ($): 604.12		Deferred Non Interest Bearing UPB ($): 0.00	
* UPB at Confirmation ($): 153,000.00		* Interest Bearing Modified UPB ($): 150,083.00	
* DDLPI at Confirmation: 12/01/2015			
* UPB Write-down ($): 3,000.00			
Balloon: ☐			
Step Rate: ☐			

All fields are disabled and cannot be changed.

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

Borrower Information

Expand All | Collapse All

Borrower

* First Name:	* Last Name:	Salutation:
* Street:	* City:	* State: CO

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

Loans that have been Modified Three or More Times	You must: ▪ Include information about the prior modifications such as the primary hardship, and the duration of the hardship. ▪ Document how the borrower's situation has changed since the prior modifications and why you believe we should grant your exception request.
Loans with an Interest Rate Change occurring during the Delinquency Period	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: ▪ Interest Rate Change Date ▪ New Interest Rate ▪ Forbeared UPB Amount ▪ Delinquent Interest Amount

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.

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

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.

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 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

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:

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

- Freddie Mac Standard Deeds-in-Lieu of Foreclosure
  - o Note: Bulletin 2024-2 (dated February 14,2024) announced effective March 25,2024 Servicers can now submit deed-in-lieu of foreclosure recommendations using the Resolve User Interface (UI).
    - Obtain delegated approval for deed-in-lieu submissions that meet policy guidelines per the *Single-Family Seller/Servicer Guide*-approved decisions based on your inputs, without the need to contact Freddie Mac for approval or request an exception review.
    - Servicers can request an exception review for deed-in-lieu loans that fail eligibility requirements and track their status on the dashboard.
    - Deed execution reporting capability for approved deed-in-lieu loans eliminates the need to report them in the Foreclosure Sale Reporting tool. Refer to Resolve Online Help and the Resolve Training page for additional information and resources.

- Charge-offs:
  - o Note: Bulletin 2023-20 (dated October 11, 2023) announced effective October 30, 2023 Servicers can now submit charge-off request recommendations using the Resolve UI.
    - Servicers now have an updated and simpler method to submit charge-off recommendations to Freddie Mac.
    - The charge-off template uploaded in the UI reduces the amount of data required from the Servicer and allows them to upload supporting documentation for workouts using the UI—eliminating the need to send it via email.
    - Users can use the dashboard to manage pipelines and stay informed of the status of a charge-off.
    - Auto-generated settlement requests (following payoff) for approved charge-offs give Servicers end-to-end processing of charge-off workouts using a single request submission.
    - Refer to Resolve Online Help and the Resolve Training page for additional information and resources.

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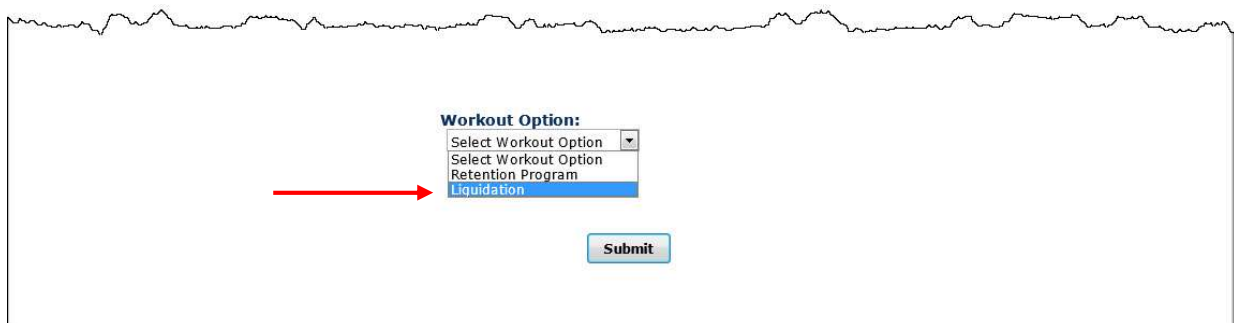
After you click **Submit**, the Borrower Information screen displays. The To Do List will display in the left navigation bar, as shown below.

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 **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

Screen	Field	Standard Deed-in-Lieu	Charge-off	Make-whole
	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
	Number of Units	X	X	X	X
	Conclusion Value	X	X	X	X
Borrower Financials	Monthly Liabilities			X	
	Monthly Expenses			X	
	Monthly Household Income			X	

Screen	Field	Standard Deed-in-Lieu	Charge-off	Make-whole	Repay Plan
	Non-Retirement Liquid Assets			X	
	Backend DTI Ratio			X	
	Hardship Reason			X	
	Borrower FICO			X	
Loan	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
HUD-1	Buyer's Name			X	
	Settlement Date			X	
Contact	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.

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

Field Definition	
Is Someone Willing to Assume this Loan?	This field is no longer used for liquidations. If you are processing as 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	
Monthly Liabilities	Enter the total monthly liabilities for all borrowers on the Note. Include the monthly payments due on the following: ▪ The borrower's monthly housing expense on his or her primary residence ▪ Installment debt with more than 10 months of payments remaining ▪ Monthly payments for revolving accounts, HELOCs ▪ Alimony and separate maintenance payments with more than 10 months of payments remaining ▪ Car lease payments, regardless of the number of months remaining ▪ Aggregate negative net rental income from all investment properties owned ▪ Monthly mortgage payment for a second home ▪ Payments on any subordinate lien For additional details, refer to Guide Section 9208.3. If borrower financials are not required, enter zero in this field.
Monthly Expenses	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.
Monthly Household Income	Enter the total gross monthly income for all borrowers on the Note. If borrower financials are not required, enter zero in this field.
Non-Retirement Liquid Assets	Enter the total amount of non-retirement liquid assets for all borrowers on the Note. Include any non-retirement liquid assets the borrowers have available from any financial institution or brokerage, including, but not limited to the following: ▪ Funds on deposit in the borrower's checking, savings, money market, or certificate of deposit account or other depository account ▪ 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 If borrower financials are not required, enter zero in this field.

Field Definition	
Backend DTI Ratio	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. 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. For information on calculating the back-end DTI ratio, refer to Guide Section 9208.3. If borrower financials are not required, enter zero in this field.
Hardship Reason	Select the primary hardship reason from the pick list. 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.
Borrower FICO	Enter the borrower's FICO score.
Borrower FICO Date	Enter the date on which you obtained the borrower's FICO score.
Co-Borrower FICO	Enter the co-borrower's FICO score, if applicable.
Co-Borrower FICO Date	Enter the date on which you obtained the co-borrower's FICO score, if applicable.
"Are there new mortgages?" Checkbox	Select this checkbox if one of the following conditions exist: ▪ 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. ▪ 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.

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.

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	
Street	Street address for the subject property.
City	City in which the subject property is located.
State	State in which the subject property is located.
Zip Code	Zip code for the subject property.
Disaster Name	The disaster that impacted the property, if applicable. This field is not editable.
Conclusion Value	The "As-Is" value from the most recent property valuation.
Sales Price	The sales price documented in the contract. When you enter a value in this field, HUD-1 displays in the To Do List. The **Next** 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, *Model, Approve, and Settle Third-Party Foreclosure Sales*, 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, *Multipurpose Loan Servicing Transmittal*, to shortsales@FreddieMac.com. 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	
Workout Requested by Borrower	This field is no longer applicable.
Origination Date	Date on which the loan was originated.
Funding Date	The date on which Freddie Mac disburses payment to the Seller for a mortgage Freddie Mac purchased. 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.

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:
	Zero	*"Enter a value from 0.001 to 999.0."*
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. **Note:** 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.
2nd 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.

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

Field Definition	
Servicer Name	The name of your organization. This field will automatically populate.
S/S Number	Your six-digit Freddie Mac Seller/Servicer number. This field will automatically populate.
Contact Name	The name of the primary contact at your organization we should contact with questions about the loan. **Note:** 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.
Create New Contact	Click this box to add a new contact. After you click the box, complete the New Contact Name and Email fields.

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

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 **Run Calculation** 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 Option*s.

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 Model Control

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.

The Workout Model Control Section

This section of the Workout Summary screen displays the following:

- Last Sent
- Status

The Send to FM button displays when you have control of the model.

Workout Model Control

Last Sent : N/A
Status : Workout Status Unavailable

Send To FM

Workout Model Status

Last Sent : 12/03/2014
WO Type : PF
Status : AP

This workout has been approved therefore the **Send to FM** button is not displayed.
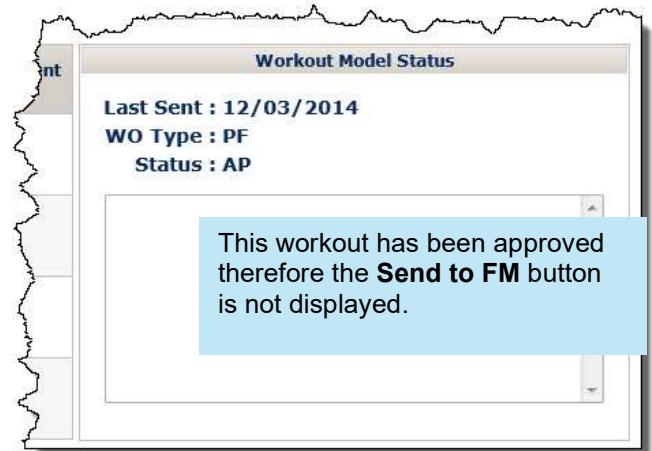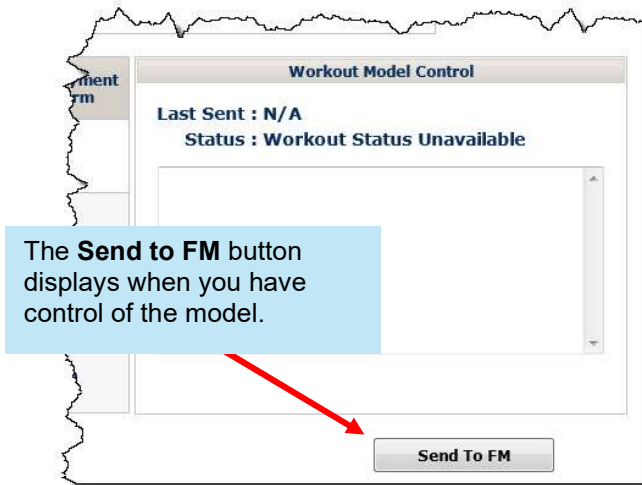
Last Sent indicates the date on which you last gave control of the model to us, or we returned control to you. For an explanation of "control of the model" refer to Chapter 11, *Transmit Liquidation Options to Freddie Mac*.

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.	
	If your model follows:	**Then:**
	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 **foreclosure** alternative.	
	If your model follows:	**Then:**

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	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.
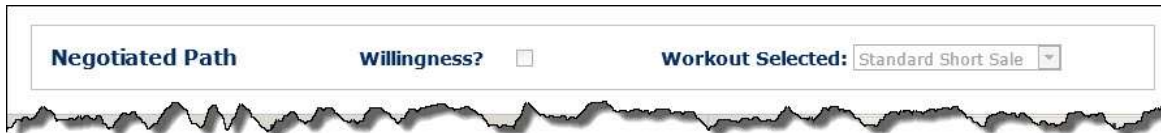
The remaining area in this section of the screen:

- 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.

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
Optimal	Can select it and send the model to us. These models do not require Freddie Mac approval.
Pass	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.
Fail	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.
Not Evaluated	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	$
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

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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: ▪ Secured note contributions equal 75 percent of the value displayed on the Override screen. ▪ Unsecured note contributions equal 50 percent of the value displayed on the Override screen.
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:
 - Standard Deed-in-Lieu of Foreclosure - Charge-off - Third-Party Foreclosure Sale	Primary Override Refer to Chapter 13, *Model, Approve, and Settle Third-Party Foreclosure Sales*, 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

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

	Derived	Override	Results
Settlement Date	08/22/2014		08/22/2014
Gross Sales Price ($):	200,000.00		197,000.00
):	0.00		0.00
e ($):	197,000.00		197,000.00
($):	327.30		327.30
	0.00		0.00
Cash Contrib. for Collateral Loss ($):	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
TOTAL INCOME ($):			197,327.30

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

Enter your override values in the Override column as necessary.

⚡ 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
TOTAL EXPENSES ($):			20,672.86
Actual Taxes/Escrow to be Disbursed at Closing ($):			0.00

Back

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

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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:
You completed the HUD-1 screen and you want to override any of the following data elements for a Standard Short Sale: ▪ Gross Sales Price ▪ Cash Contribution/Collateral Loss (Only if you entered a Cash Contribution/Collateral Loss value on the HUD-1 screen.) ▪ Liens (junior and senior) ▪ Sales Commission ▪ Other Selling Expenses ▪ Actual Taxes/Escrow Disbursed at Closing	Access the HUD-1 screen to change the data.

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.

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

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

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.

4. 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.

Warnings and Comments

Save

Expand All | Collapse All

⌄ Warnings

```
Congratulations, there are no warnings report.
```

In this example, there are no warnings for the liquidation option.

Refer to Appendix A for a complete list of warning messages.

⌃ Recommendation

⌃ Substantiation

⌃ Other

⌃ Property

⌃ Involuntary Inability to Pay

Back

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.

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

Include information on the following:	
Recommendation	Explain the general terms of your proposed foreclosure alternative. Include additional information as necessary on the following: ▪ Workout type ▪ Borrower contributions ▪ MI contributions
Substantiation	Explain in detail why we should approve the recommendation.
Other	Document any information relevant to your recommended foreclosure alternative that does not belong in any of the other four categories for comments.
Property	Document the general condition of the property. Describe any adverse conditions that affect the property, such as ▪ Hazardous waste ▪ Asbestos ▪ Structural damage ▪ Drywall contamination ▪ Other environmental problems If the property is affected from an adverse condition, ensure that you also include the following: ▪ Whether you have been able to achieve quality right-party contact ▪ Information regarding the availability of insurance funds. If funds are available, indicate who has access to them.
Inability to Pay	Document the reason for default. ▪ Explain why the borrower is unable to continue paying the regular monthly mortgage payment. ▪ Identify specific documentation you have which validates the borrower's eligible hardship.

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	▪ Cover Page ▪ Comments and Warnings Page
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

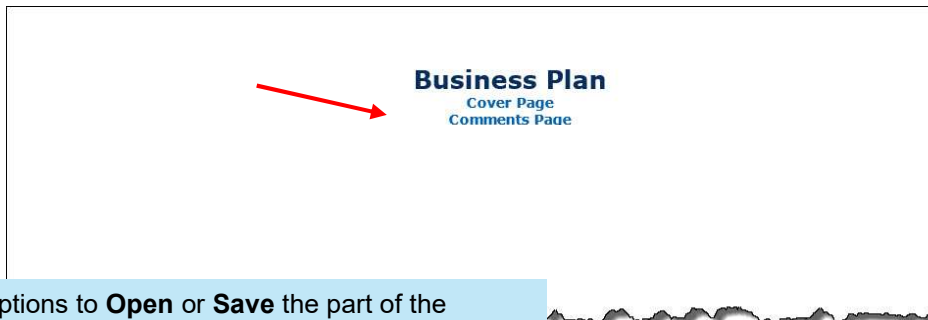Perform the following steps to view and print the Business Plan:

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

Business Plan
Cover Page
Comments Page
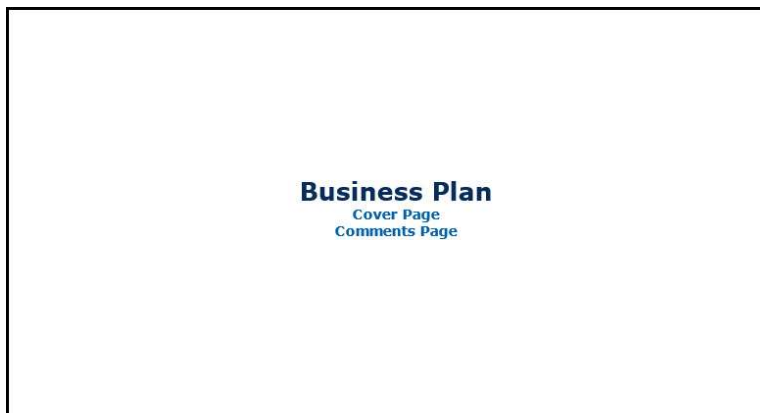
The links that display depend on the type of alternative to foreclosure you selected.

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

Business Plan
Cover Page
Comments Page

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

Do you want to open or save 665232942_CoverPage.rtf from **fmtam.fhlmc.com**?   Open   Save ▼   Cancel   ×

If you:	Then:
Want to view the selected part of the Business Plan	Click **Open**. 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 **Save**. Follow the prompts that display to save the file.
Do not want to view or save the selected part of the Business Plan.	Click **Cancel**.

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:

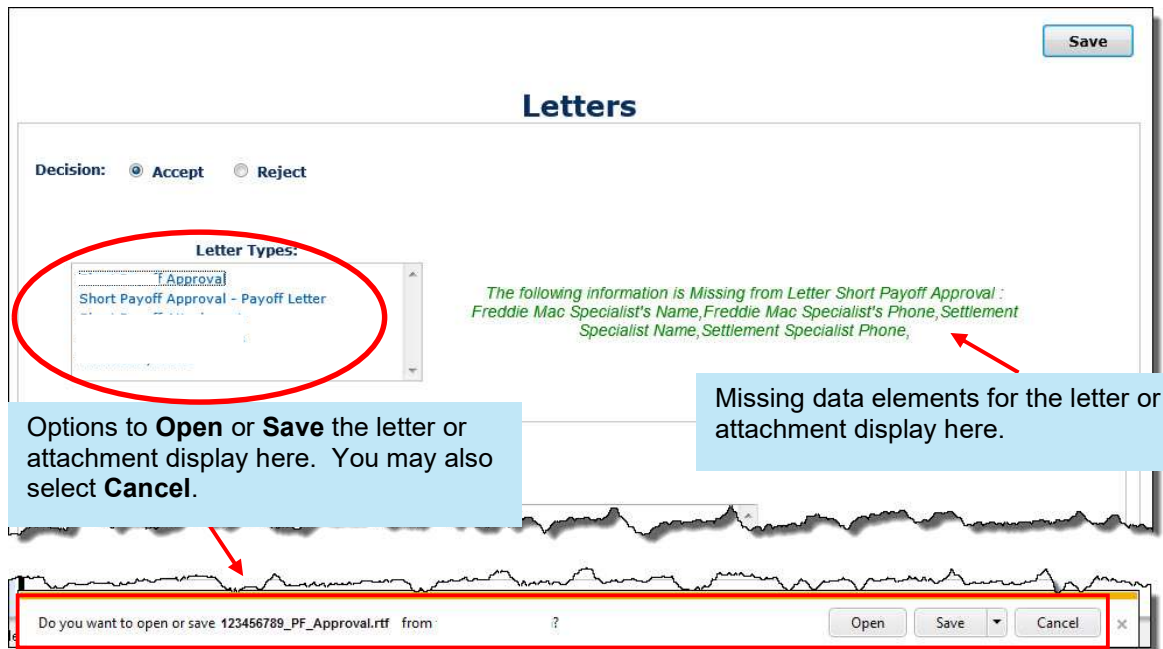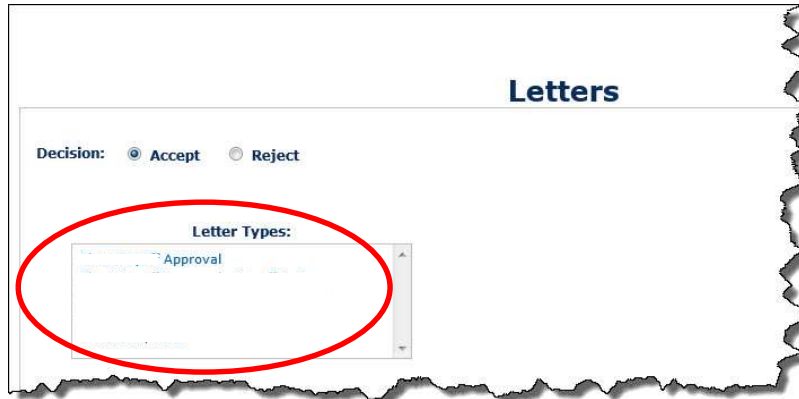1. From the To Do List, select **Letters**. The Letters screen, shown below, displays:

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:

2. Click the item you want to view.

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.

If you want to:	Then:
View the document, even though all data has not been provided	Click **Open**. 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 **Save**. Follow the prompts that display to save the file.
Enter the missing information	Click **Cancel**. 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 Model Control

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.

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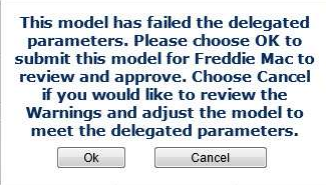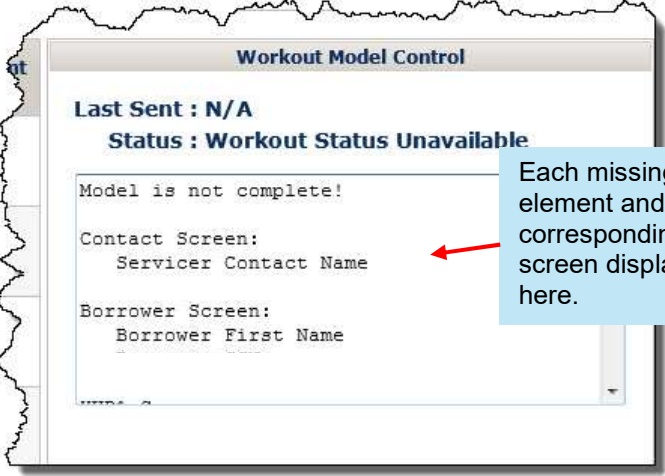
2. Select the appropriate alternative to foreclosure from the Workout Selected pick list. All workout types that have a rating other than "Not Evaluated" will display in the pick list.

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

If:	Then:
The model passed the delegation parameters	The following message displays: Click **OK** to send the liquidation option to Freddie Mac. Click **Cancel** to remain on the Workout Summary screen.

The model did not pass the delegation parameters	The following message displays: **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.** [Ok] [Cancel] Click **OK** to send the liquidation option to Freddie Mac. Click **Cancel** to remain on the Workout Summary screen.
If:	**Then:**

The model is not complete and additional data must be entered to send it to Freddie Mac	A message indicating the model is not complete displays in the Workout Model Control section of the screen:
	
	Workout Model Control
	Last Sent : N/A
	Status : Workout Status Unavailable
	
	Model is not complete!
	
	Contact Screen:
	    Servicer Contact Name
	
	Borrower Screen:
	    Borrower First Name
	
	Each missing data element and its corresponding screen displays here.
	
	Access each screen identified and provide the specific data elements that are missing.

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	▪ 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. ▪ The Standard Deed-in-Lieu must be in an "Approved" status. (i.e., the Workout Model Status on the Workout Summary screen is "AP").

For:	The following condition(s) must be met:
Charge-offs	▪ The charge-off must be in an "Approved" status. (i.e., the Workout Model Status on the Workout Summary screen is "AP"). ▪ 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: *"Loan has not been reported closed. Please report the payoff of the loan and wait until the next business day to submit."*

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	*"Freddie Mac identifies that this is a FHA/VA loan. This loan is not eligible for submission. Please contact 1-800-FREDDIE for assistance."*
Was repurchased when the liquidation was in process	*"Loan has been repurchased and is ineligible for settlement. Please contact 1-800-FREDDIE for assistance."*

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
Borrower Financials
Loan
Property
HUD-1
Contact
Workout Summary
Letters
	▪ Screens are available for data entry and/or edit until you:
	  – 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).
	  – Notify us of the Standard Deed-in-Lieu of Foreclosure via the Foreclosure Sale Reporting tool.
	▪ 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.

Screen	Functionality
Short Sale Settlement Deed-in-Lieu Settlement Charge-off Settlement	▪ The settlement screens are available after you approve the liquidation option, but are read-only. ▪ 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.

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.

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

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

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	
Date Deed Received	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.
Hazard Insurance Proceeds Remitted	This field automatically populates with the 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: *"Hazard Insurance Proceeds is less than what was negotiated. Please verify that the required funds have been remitted and resubmit."*
Deed Executed to Federal Home Loan Mortgage Corporation	Check this box to confirm that the deed has been recorded in the name of the Federal Home Loan Mortgage Corporation. This box must be checked to submit for settlement.
Clear Title	Check this box to confirm that the title is free of any liens, claims, defects, or encumbrances. This box must be checked to submit for settlement.
Cash Contribution Remitted	This field automatically populates with the borrower contribution remitted. 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: *"Cash contribution is less than what was negotiated. Please verify that the required funds have been remitted and resubmit."*
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. **Note:** If you edit this field, the value you enter will flow to Note Contribution - Unsecured field on the Override screen. 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: *"Promissory Note amount is less than what was negotiated. Please validate amount and resubmit."*
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.

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.

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

Submits the charge-off 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 charge-off 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	
Payoff Date	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.
Hazard Insurance Proceeds Remitted	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: *"Hazard Insurance Proceeds is less than what was negotiated. Please verify that the required funds have been remitted and resubmit."*
Other Proceeds Remitted	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: *"Other Proceeds is less than what was negotiated. Please verify that the required funds have been remitted and resubmit."*

Cash Contribution Remitted	This field automatically populates with the total borrower cash contribution funds remitted.	
	If:	**Then the following message displays:**
	The amount in this field is less than the negotiated amount displayed in the Cash Contribution/Collateral Loss field on the Override screen	*"Cash contribution is less than what was negotiated. Please verify that the required funds have been remitted and resubmit."*
	The amount in this field is greater than zero and the property is located in California	*"Per state law, no Cash Contribution is permitted. Please send to Freddie Mac for Manual Settlement Review."*

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. **Note:** If you edit this field, the value you enter will flow to Note Contribution - Unsecured field on the Override screen.	
	If:	**Then the following message displays:**
	The amount in this field is less than the negotiated amount in the Note Contribution – Unsecured field on the Override screen	*"Promissory Note amount is less than what was negotiated. Please validate amount and resubmit."*
	The amount in this field is greater than zero and the property is located in California	*"Per state law, no Promissory Note Contribution is permitted. Please send to Freddie Mac for Manual Settlement Review."*
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 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.

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

Confirmation Message

Comments Saved Successfully

OK

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.

Comments History. Display 5 Records

Entered By	Updated On	Comment
w pdel1	7/8/14 2:10 PM	Type your comment here.
	7/8/14	

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.

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Deed-in-Lieu-of Foreclosure Settlement

Save

Data saved

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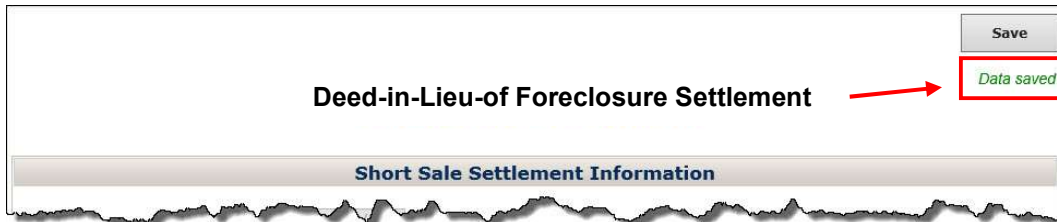
4. When you are ready to send the liquidation option to Freddie Mac for settlement, read the attestation displayed at the bottom of the screen. Click the **I Agree** checkbox if you agree with the statement. The Submit button is now functional.

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

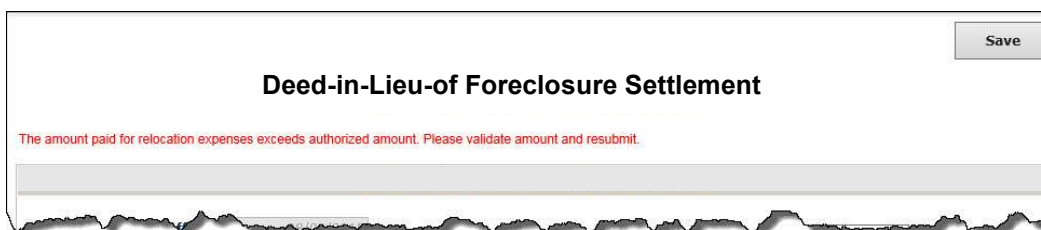Submit   PDF Download   Manual Settlement Review

5. 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).


Save

Deed-in-Lieu-of Foreclosure Settlement

Settlement complete. Please monitor your Detailed Adjustment Report (DAR) for updates.
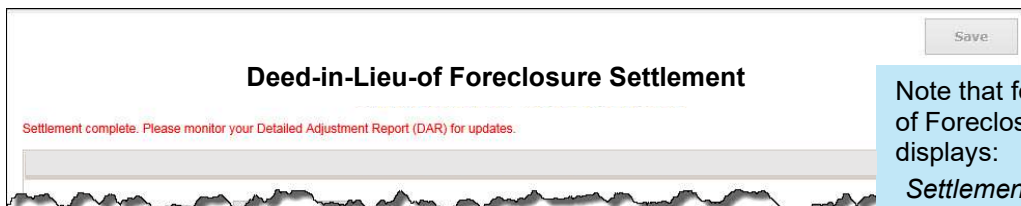
> Note that for Standard Deeds-in-Lieu of Foreclosure, the following message displays:
> *Settlement Complete. Please monitor your Monthly Account Statement (MAS).*

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.

Save

Deed-in-Lieu-of Foreclosure Settlement

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

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

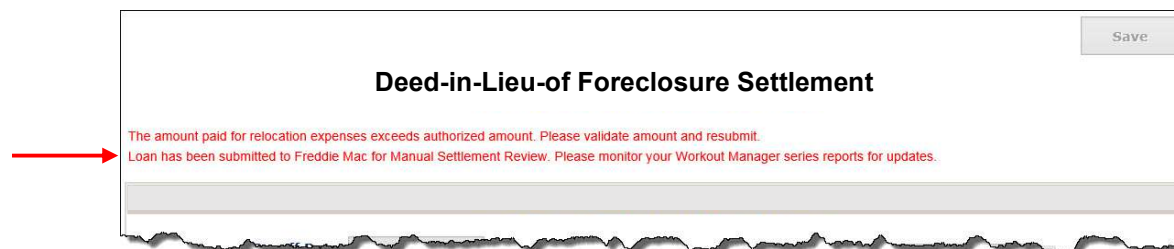The PDF Download button is available until the workout is archived.
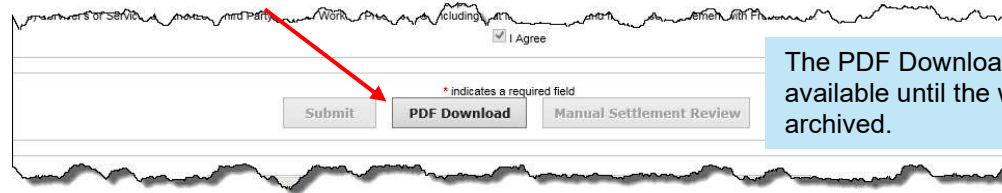
Manual Settlement Review for Liquidation Options

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**.

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.

Deed-in-Lieu-of Foreclosure Settlement

The amount paid for relocation expenses exceeds authorized amount. Please validate amount and resubmit.
Loan has been submitted to Freddie Mac for Manual Settlement Review. Please monitor your Workout Manager series reports for updates.

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	▪ Screens are available for data entry and/or edit when you report the sale results via the Foreclosure Sale Reporting tool **and** report the third-party foreclosure sale transaction (exception code 71) via the Loan Level Reporting tool (i.e., closed the loan), **prior to** accessing the loan in Workout Prospector.
Loan	
Property	
HUD-1	
Workout Summary	▪ Screens are available, but become read-only, the business day after you approve the third-party foreclosure sale in Workout Prospector.
Third Party Sale Settlement	▪ 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.

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

Screen	Functionality
Borrower Information Loan Property HUD-1 Workout Summary	▪ Screens are available for data entry and/or edit after you notify us of the foreclosure sale results via the Foreclosure Sale Reporting tool. ▪ 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).
Third Party Sale Settlement	▪ 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. ▪ 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).

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	*"Freddie Mac identifies that this is a FHA/VA loan. This loan is not eligible for submission. Please contact 1-800-FREDDIE for assistance."*
Was repurchased after the third-party foreclosure sale was in process	*"Loan has been repurchased and is ineligible for settlement. Please contact 1-800-FREDDIE for assistance."*

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	- Settlement Date - Line 504 (Enter the higher of the sales price or gross proceeds. Do not enter net proceeds.)
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.

Freddie Mac Loan Number: [   ]

[Enter]

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

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

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.

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

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.

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

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.

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

LOAN

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 Term: 348	Foreclosure Begin Date: 05/19/2014	Scheduled Foreclosure Sale Date: 06/19/2015

Ensure that the DDLPI is populated and accurate.

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:

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.

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

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 **OK.**	
	If:	**Then:**
	The model is complete (all required data has been provided)	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 **Cancel** to remain on the Workout Summary screen.	

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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.

The workout status is approved (AP).

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

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

* indicates a required field

[Submit] [PDF Download] [Manual Settlement Review]

Submits the third-party foreclosure sale to Freddie Mac for automated settlement.

Submits the third-party foreclosure sale 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 third-party foreclosure sale is settled.

Enter Comments:

Enter comments related to settlement here.

[Save]

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: *"Foreclosure Sale Amount is less than or equal to the Credit Bid. Please send to Freddie Mac for Manual Settlement Review."*	
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. **Note**: If the Credit Bid Amount <u>and</u> Modified Credit Bid Amount fields are blank, the following message displays: *"Credit bid is missing. Please submit the bid used in the foreclosure sale to shortsales@FreddieMac.com."* If you receive this message e-mail Form 105, *Multipurpose Loan Servicing Transmittal*, to shortsales@FreddieMac.com. 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.

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

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.

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.

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).

    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.

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

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**.

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

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?					
	CO	DIL	RP	MW	TP	
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?					
	CO	DIL	RP	MW	TP	
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 **Next** or **Submit for Calc**	The Mortgage Attributes, Modeling Attributes, and Modification Solution screens
Modification-Level Eligibility	Click **Submit for Calc**	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

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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:
Draft	The borrower is under consideration for a modification or Payment Deferral. However, additional information is needed. • Data or partial data is entered. • A solution has been generated, but user input data is still subject to change.	• May view the data. • May submit for calculation. • May save a modification to Trial Period – Approve status if a solution is successfully generated when you click **Submit for Calc**.
Modification Program - Approve	• Data for the final modification has been entered and the modification terms have been regenerated. The modification is ready for settlement. • Data for the Payment Deferral has been entered and it is ready for settlement.	• May view the data for six months. • Settle the modification or Payment Deferral via the automated settlement functionality in Workout Prospector. The model cannot be edited once the loan is saved in this status.
Modification Program - Borrower Declined Terms/Ineligible	• Data and/or documentation for the final modification were not received or entered within the required timeframe. • The borrower declined the terms of the modification or Payment Deferral.	May view the data for six months. The model cannot be edited once the loan is saved in this status.

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 <u>all</u> 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	▪ Workout Evaluation Date (Date Borrower Response Package Received)
	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	▪ Current Last Paid Installment Date (DDLPI)
	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	▪ Property Status Vacancy
		Mortgage Attributes	▪ Current Property Type
	The borrower has cash reserves less than $25,000.	Modeling Attributes	▪ Checking Accounts ▪ Savings/Money Market ▪ Stocks/Bonds/CD
	The borrower has an eligible hardship as described in Guide Section 9202.2.	Modeling Attributes	▪ Select the appropriate hardship reason(s) from the Hardship Reasons pick list.

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.

<table>
<tr><th></th><th>Requirement</th><th>Screen</th><th>Data Element</th></tr>
<tr><td rowspan="4">Business Rule 2</td><td>The borrower's FICO score is less than or equal to 620 in accordance with Guide Section 9206.7 (e)</td><td>Modeling Attributes</td><td>Borrower FICO
Co-borrower FICO</td></tr>
<tr><td>And…

The mortgage has had two or more 30-day delinquencies in the most recent six-month period.</td><td colspan="2">N/A.
Freddie Mac will confirm the delinquency status via its internal reports after you submit the Workout Prospector model.</td></tr>
<tr><td>Or…

The borrower's pre-modification housing expense-to-income ratio is greater than 40 percent.</td><td>Modeling Attributes</td><td>Monthly Property Taxes
Monthly Hazard/Flood Insurance
Ancillary Monthly Fees
Actual Monthly Escrow Shortage Payment
Monthly Gross Income
Monthly Gross Unemployment Income
Monthly Gross Rental Income</td></tr>
<tr><td></td><td>Mortgage Attributes</td><td>Current P&I</td></tr>
</table>

How to Document Business Rule 3 in Workout Prospector

	Requirement	Screen	Data Element
Business Rule 3	▪ 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 Section 9202.2 supporting one of the Imminent Default Hardships listed below: ▪ Death of a borrower or death of either the primary or secondary wage earner in the household ▪ Long-term or permanent disability; or serious illness of a borrower/co-borrower or dependent family member ▪ Divorce or legal separation; separation of borrower unrelated by marriage, civil union or similar domestic partnership under applicable law; or ▪ 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	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.