Job Loss is the #1 Hardship Reason

<table>
<thead>
<tr>
<th>Hardship Reason</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment or curtailment of income</td>
<td>58.3%</td>
</tr>
<tr>
<td>Excessive obligation</td>
<td>16.3%</td>
</tr>
<tr>
<td>Illness or death in the family</td>
<td>11.2%</td>
</tr>
<tr>
<td>Marital difficulties</td>
<td>5.0%</td>
</tr>
<tr>
<td>Inability to sell or rent property</td>
<td>2.8%</td>
</tr>
<tr>
<td>Employment transfer or military</td>
<td>1.7%</td>
</tr>
<tr>
<td>Property problem or casualty loss</td>
<td>0.9%</td>
</tr>
<tr>
<td>Extreme hardship</td>
<td>0.1%</td>
</tr>
<tr>
<td>All other reasons</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

The Good News

- We are committed to helping homeowners avoid foreclosure.
- The Making Home Affordable program offers strong options for eligible homeowners looking to avoid foreclosure or to make their mortgage payments more affordable.

Reaching Homeowners through Many Strategies

Since the beginning of 2009 we have helped more than 370,000 borrowers avoid foreclosure:

- Increased loss mitigation and servicing staff by 70%, with on-site specialists in Servicer shops.
- Reimbursed Servicers for document collection and signature services.
- Opened and maintained Freddie Mac Borrower Help Centers and our Borrower Help Network to reach “no contact” delinquent borrowers through trusted intermediaries.
- Participated in hundreds of foreclosure prevention workshops.
- Offered online resource centers for lenders, Servicers, and borrowers to learn more about foreclosure avoidance.
The Making Home Affordable Program

Helping Homeowners
- The Making Home Affordable Program is part of the president's comprehensive plan to combat foreclosures and preserve communities.
  - Our support builds on Freddie Mac's ongoing effort to stop unnecessary foreclosures.
- Goal: To help struggling homeowners reduce mortgage payments to a level that is affordable now and into the future.
- Making Home Affordable has the following components:
  - Home Affordable Refinance
  - Home Affordable Modification
  - Home Affordable Foreclosure Alternatives (HAFA)

Home Affordable Refinance

Goals
- Help homeowners take advantage of current mortgage rates, despite a decrease in home value.
- Reduce monthly payments for homeowners in order to help reduce foreclosures, stabilize communities, and stimulate the economy.
- Be an option for eligible homeowners to get into mortgages with more stable, more affordable payments.

Home Affordable Refinance

Homeowner Eligibility
- Homeowner owns a 1- to 4-unit home.
- Mortgage is owned or guaranteed by Freddie Mac or Fannie Mae.
- Homeowner is current on mortgage payments (no payments were 30 or more days late within the past 12 months).
- The amount owed on mortgage is no more than 125% of the home's current value.
- Homeowner has sufficient income to support the new mortgage payment when requalification is required.
- The refinance improves the long-term affordability or stability of homeowner's mortgage.
Home Affordable Refinance

Two Freddie Mac Relief Refinance Mortgage Options

- Relief Refinance Mortgage - Same Servicer - Homeowner gets refinancing from current Freddie Mac Seller/Servicer, who already has necessary files and documents.
  - No re-qualification is necessary unless the principal and interest payment goes up more than 20%.
  - No new appraisal is required. Property value estimates can be determined by Seller/Servicer with the Freddie Mac Home Value Explorer® (HVE) or an appraisal.
- Relief Refinance Mortgage - Open Access - Homeowner gets refinancing from any Freddie Mac-approved Seller/Servicer that is offering the product.
  - Re-qualification/re-underwriting is necessary.
  - New appraisal is required.

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Home Affordable Refinance (Freddie Mac Relief Refinance Mortgage®)

Features of the New Mortgage

- Expanded Loan-to-Value (LTV) ratios and unlimited TLTV/HTLTV ratios.
- Mortgage insurance not required if existing mortgage has no mortgage insurance and LTV ratio is >80% on new mortgage.
- Proceeds may be used to pay the lesser of 4 percent of the current unpaid principal balance of the mortgage being refinanced or $5,000 in related closing costs, financing costs, and prepaids/escrows.

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Home Affordable Refinance (Freddie Mac Relief Refinance Mortgage®)

Long-Term Stability and Affordability

- Refinance must result in one of the following:
  - Reduction in the interest rate of the first lien mortgage
  - Replacement of an adjustable-rate mortgage (ARM), interest-only mortgage, or a balloon/reset mortgage with a fixed-rate, fully amortizing mortgage
  - Reduction in the amortization term (for example, a 40-year fixed-rate mortgage (FRM) to a 30-year FRM) of the first lien mortgage
Home Affordable Refinance® (Freddie Mac Relief Refinance Mortgage®)

Benefits for Homeowners

- Eligible homeowners whose mortgage interest rates are much higher than the current market rate may see immediate reduction in the mortgage payment.
- Eligible homeowners who have interest-only or adjustable-rate mortgages may benefit from improved stability when refinancing into a fixed-rate mortgage.

Home Affordable Modification

Goals

- Help homeowners struggling to make mortgage payments because their interest rates have increased, their incomes have decreased, or they’ve experienced a financial hardship.
- Reduce mortgage payments for homeowners who are now delinquent, or who are current but at risk of default and foreclosure.
- Be an option for homeowners whose mortgages are owned by any participating servicer (Freddie Mac and Fannie Mae servicers and most servicers of loans owned by banks, Wall Street firms, etc.).

Home Affordable Modification

Homeowner Eligibility

- Homeowner is the owner-occupant of a 1- to 4-unit home.
- Amount owed on first mortgage is equal to or less than $729,750 (for 1-unit primary residences).
- Mortgage was originated on or before Jan. 1, 2009.
- The homeowner spends more than 31% of gross monthly income on mortgage payment (including principal, interest, taxes, insurance, escrow shortage, and homeowners association dues).
- Mortgage is no longer affordable because of a financial hardship that can be documented.
Home Affordable Modification

Homeowner Eligibility
- Homeowner may be delinquent or already in the foreclosure process.
- Homeowner may be current on mortgage payments, but anticipate trouble making future mortgage payments.
- There must be affirmation of financial hardship.

Home Affordable Modification

Servicers will:
- Perform full verification of homeowner’s income, expenses and eligibility.
- Calculate a new payment that is as close as possible to, but no less than 31% of the homeowner’s gross (before tax) monthly income.
- Apply a Treasury net present value test to determine if the cost of the payment reduction is a better financial outcome for the investor than not modifying the loan.
- And if so,...
- Offer the homeowner a trial period plan at the new payment amount.
- Permanently modify the loan if the homeowner successfully completes the trial period.

Know Your Debt-to-Income Ratio

Front-End DTI Ratio
- Used to determine whether homeowner’s monthly mortgage payment is “affordable.”
- Calculated by dividing homeowner’s current monthly mortgage payment by homeowner’s gross monthly income.
Know Your Debt-to-Income Ratio

Back-End DTI Ratio
- Used to determine how much of homeowner’s income is needed to pay off all of homeowner’s debts.
- Calculated by dividing homeowner’s total monthly debt payments by homeowner’s gross monthly income.

Home Affordable Modification

Counseling for Long-Term Success
- Homeowners with a monthly total debt payment-to-income ratio equal to or greater than 55% must agree to enter free HUD-approved credit counseling.

Home Affordable Modification

Calculating the New Mortgage Payment
- Servicers will calculate a new payment that is as close as possible to, but no less than 31% of the homeowner’s gross (before tax) monthly income.
  - First - Capitalize accrued interest and other costs, if that doesn’t result in a low enough payment.
  - Next - Reduce the interest rate to as low as 2%, if that doesn’t result in a low enough payment.
  - Next - Extend the loan term up to 40 years if necessary, if that doesn’t result in a low enough payment.
  - Finally - Forbear (defer) a portion of the principal until the loan is paid off and waive interest on the deferred amount.

*The amount made to other must be the present value of all deferral that would rise in the period of forbearance at a discount rate of 7%. The present value is calculated as per the formula: PV = FV / (1 + r)^n, where PV is the present value, FV is the future value of the deferred amount, r is the discount rate per period, and n is the number of periods.
Home Affordable Modification

Homeowner Documentation Required

- Signed IRS Form 4506-T or 4506T-EZ
- Two most recent pay stubs or salary vouchers
- Statements that show other debts and obligations like credit card balances, student loans, car loans, medical bills, etc.
- A Request for Modification and Affidavit, including a concise statement explaining the financial hardship. Did you lose your job? Was there a medical emergency?

Entering the Trial Period

- Homeowners must return Initial Package and required documents to Servicer.
- Following full verification of borrower eligibility, Servicers will put an eligible homeowner on a trial period plan at the new payment amount.
  - Servicers deliver trial period plan terms to borrower.
  - Homeowner pays at estimated new monthly payment during the trial period.
  - Pending foreclosures must be postponed during evaluation and trial period.

Modifying the Loan After Successful Trial

- Following a successful trial period, Servicers will permanently modify the loan.
  - The modified interest rate can never exceed the prevailing market interest rate at the time of the modification (the cap).
  - If the starting rate is less than market, it will be fixed for five years and then will increase 1% each year until it reaches the cap.
  - Accrued interest and expenses will be capitalized (added to the amount due). Unpaid late fees will be waived.
  - All modifications require an escrow for taxes and insurance, if allowed by applicable law.
Home Affordable Modification

Additional Modification Terms

- No modification fee can be charged.
- Pending foreclosure sales must be postponed during evaluation & trial periods.
- Homeowners must be truthful.
- Homeowners must return the Initial Package and required documentation before a Servicer can start your trial period.
- Homeowners with high overall debt (i.e. equal to or greater than 55%) must agree to seek counseling.

Home Affordable Modification

Homeowner Incentives

- To help foster long-term success, special incentives are awarded when homeowners pay the Home Affordable Modification modified mortgage amount on time every month.
  - Mortgage balance can be reduced up to $1,000 each year for five years.
  - Over five years, on-time payments could reduce the amount owed on the mortgage by as much as $5,000.

Home Affordable Modification Success Story

<table>
<thead>
<tr>
<th>Client: Nick from Virginia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006: Buys $330,000 Home</td>
</tr>
<tr>
<td>10% down payment</td>
</tr>
<tr>
<td>$297,000 mortgage</td>
</tr>
<tr>
<td>(30 yr fixed @ 6.5%)</td>
</tr>
<tr>
<td>2008: Income drops to</td>
</tr>
<tr>
<td>$47,000 due to sudden</td>
</tr>
<tr>
<td>illness.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nick's Current Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
</tr>
<tr>
<td>Taxes</td>
</tr>
<tr>
<td>Insurance</td>
</tr>
<tr>
<td>Association Fee</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
</tr>
<tr>
<td>Total Monthly Payment</td>
</tr>
</tbody>
</table>

Target Monthly PITI payment for the Home Affordable Modification program is $1,915.
Home Affordable Modification Success Story

Nick's Home Affordable Modification program payment is set at $1,215 for 5 years. Market rate at time of permanent modification was 4.85%.

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest Rate</th>
<th>PITIA Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>2%</td>
<td>$1,215</td>
</tr>
<tr>
<td>6</td>
<td>3%</td>
<td>$1,341</td>
</tr>
<tr>
<td>7</td>
<td>4%</td>
<td>$1,475</td>
</tr>
</tbody>
</table>

In year 8, interest rate of 4.85% is fixed for life of Nick's loan.

Nick saves $66,350 in the first five years.

Home Affordable Foreclosure Alternatives (H A F A)

Goals
- Provide eligible borrowers with alternatives to avoid costly foreclosures when they are unable to keep their homes.
- Mitigate the impact of foreclosure on borrowers and communities by encouraging the private sale or transfer of properties.
- Help borrowers who do not qualify for or complete a HAMP modification or other Freddie Mac home retention options transition into more affordable housing and avoid foreclosure.
- Streamline the short sale and deed-in-lieu process to help more borrowers avoid foreclosure.

Home Affordable Foreclosure Alternatives (H A F A)

Borrower Eligibility
- H A F A solutions are available to all HAMP-eligible borrowers who:
  - Do not qualify for or successfully complete a HAMP Trial Period Plan.
  - Are more than 60 days delinquent on their mortgage payments, and have cash reserves less than the greater of $5,000 or three times their current monthly mortgage payment.
  - Are offered, but refused, a HAMP Trial Period Plan or other Freddie Mac home retention solution, and request a short sale or deed-in-lieu.
  - Are in foreclosure, in pending litigation involving the mortgage, or in active bankruptcy.
  - Can convey a clear, marketable title to the mortgaged property.
Home Affordable Foreclosure Alternatives (HFA)

Property Eligibility
- Eligible properties are:
  - One- to four-unit single-family dwellings, condominiums, or GSE-eligible manufactured homes.
  - Owner-occupied and the borrower's primary residence.
  - Not abandoned, condemned, or vacant (unless an exception applies for vacant properties).

Program Eligibility
- HFA is effective immediately, but mandatory August 1, 2010, for first lien mortgages that are:
  - Owned, guaranteed, or securitized by Freddie Mac
  - Originated on or before January 1, 2009.
- HFA will expire on December 31, 2012.

Servicers must:
- Incorporate HFA into their operations and offer it to eligible borrowers no later than August 1, 2010.
- First consider eligible borrowers a HAMP modification and then for other Freddie Mac home retention options.
- Before considering the borrower for HFA, consider the borrower for other Freddie Mac home retention options.

Servicers may:
- Offer eligible borrowers a HFA Deed-In-Lieu, if the mortgaged property does not sell within the HFA Short Sale marketing period, and it is authorized by Freddie Mac.
Home Affordable Foreclosure Alternatives (HAFA)

Key Features
- HAFA strives to help borrowers who do not qualify for or complete a permanent HAMP modification, or other Freddie Mac home retention foreclosure alternatives, transition into more affordable housing and avoid foreclosure.
- Servicers must proactively offer a HAFA Short Sale to eligible borrowers and leverage standard documents and tools.
- All potentially eligible borrowers must be considered for HAFA before the mortgage is referred to foreclosure or a pending foreclosure sale is conducted.
- Borrowers cannot make down payments or promissory note obligations to satisfy either the first lien or subordinate lien, and upon completion of the HAFA Short Sale or HAFA Deed-in-Lieu, all mortgage debts related to the property are extinguished.
- Borrowers and Servicers may receive incentives for a successful closing of a HAFA Short Sale or HAFA Deed-in-Lieu, subject to certain requirements.

What to Do
- To determine your eligibility, visit [MakingHomeAffordable.gov](http://MakingHomeAffordable.gov).
- To apply: Contact your mortgage servicer – the company that collects your mortgage payment.
- To determine who owns your mortgage:
  - Freddie Mac: [FreddieMac.com/myMortgage](http://FreddieMac.com/myMortgage) or 800-FREDDIE (8:00 a.m. to 8:00 p.m. ET)
  - Fannie Mae: [FannieMae.com/TodayAffordable](http://FannieMae.com/TodayAffordable) or 800-FHFA (8:00 a.m. to 8:00 p.m. ET)
- To find a HUD-approved housing counselor:
  - Visit [www.hud.gov/foreclosures](http://www.hud.gov/foreclosures)
  - Call the Homeowner’s HOPE™ Hotline at 888-995-HOPE (4673).

Recognize and Avoid Scams

Homeowners Beware
- Never pay a fee in exchange for a counseling service or a future modification of a delinquent loan.
- Never be pressured to sign papers immediately.
- Never sign over the deed to your property to any organization or individual unless you are working directly with the mortgage company to forgive the debt.
- Never make the mortgage payment to anyone other than your mortgage company without your mortgage company’s approval.
Information and Resources

Visit MakingHomeAffordable.gov.

Information and Resources

Visit FreddieMac.com/avoidforeclosure.
Information and Resources

Visit www.395hope.org, or call 888-995-HOPE.

Visit www.HopeNow.com, or call 888-995-HOPE.

Information and Resources

Guide to Avoiding Foreclosure

Whether you're facing a foreclosure or are worried about it in the future, you have information and help.

Get Help Now:
- Talk to a counselor or housing counselor
- Talk to your lender
- Contact HUD at 1-800-569-HOPE

Ready Your Home:
- Make sure you have a complete mortgage
- Make sure you have a complete mortgage
- Make sure you have a complete mortgage
- Make sure you have a complete mortgage

Justify Your Reason:
- Make sure you have a complete mortgage
- Make sure you have a complete mortgage
- Make sure you have a complete mortgage
- Make sure you have a complete mortgage

Visit www.HUD.gov/foreclosure
Information and Resources

Explore All Options

- There may be other good options for homeowners who don't qualify for the Making Home Affordable Program.
  - Don't walk away, and don't give up.
  - Call your servicer to explore all options:
    - To keep the home
    - To transition out of the home

Explore Workout Options to Keep Your Home

- Refinance
- Full reinstatement
- Short-term or long-term forbearance
- Partial reinstatement and repayment plan
- Loan modification
- FHA Partial Claim/PMI advance claim
- FHA Hope for Homeowners Refinance
Explore Workout Options to Transition out of Your Home

- Payoff/Make whole
- Short payoff
- Deed in lieu of foreclosure
- Delinquent loan assumption

Be Patient. Yet Persistent

- Mortgage financing is a complex process that requires a significant amount of documentation and multiple individuals within a Servicer’s organization to process.
- Servicers are assisting many homeowners, giving priority to those in most immediate danger of losing their homes.
- Please be patient, yet persistent. It may take some time before your Servicer is able to process your application.

Contact Information

Borrower Assistance
- Freddie_mac_borrower_help@freddiemac.com
- 1-800-373-3343 (option 2)

Freddie Mac
- FreddieMac.com
- 800-FREDDIE