

## **Mortgage Loan Modification Program – Freddie Mac and Fannie Mae**

Freddie Mac & Fannie Mae are offering a streamlined modification program starting 12/15/2008 for a targeted group of borrowers with certain loan criteria. As it relates to credit reporting, all eligible loans under this program must be a least 3 payments delinquent.

The consumer must first make 3 payments (reduced payments) during the 3-month trial period before the loan modification will be made effective. During that time, the data furnisher should report the true Account Status Code, which is delinquent, and Special Comment AC (Paying under a partial payment agreement).

If the 3 payments are made, the loan will be modified for the purpose of creating an affordable payment plan for the consumer. Terms Duration may be extended and Scheduled Monthly Payment Amounts may be changed. A portion of the principal loan amount may be set aside, but must be paid upon transfer, payoff, sale or at maturity. This would be considered the balloon payment.

### **Recommended Reporting Guideline:**

Continue to report one tradeline under the original Account Number.

- Date Opened = the date the account was originally opened
- Original Loan Amount = the original amount of the loan, including the Balloon Payment Amount. If the principal balance increases due to capitalization of delinquent amounts due under the loan, the Original Loan Amount should be increased to reflect the modified principal balance.
- Terms Duration = the modified terms
- Scheduled Monthly Payment Amount = the new amount as per the modified agreement
- Current Balance = the principal balance (including the Balloon Payment Amount), plus the interest and escrow due during the current reporting period
- K4 Segment = used to report the Balloon Payment information:
  - Specialized Payment Indicator = 01 (Balloon Payment)
  - Payment Due Date = the date the balloon payment is due which is equal to maturity of the amortizing portion of the loan.  
Note: The payoff date can be used in this field.
  - Payment Amount = the amount of the balloon payment in whole dollars only