



Freddie Mac Standard Deed-in-Lieu

A faster and simpler deed-in-lieu process that enables struggling homeowners to exit gracefully from their homes and avoid foreclosure when they don't qualify for other options

Are you struggling to avoid foreclosure, but can't stay in your home because you don't qualify for a reduced mortgage payment in the form of a loan modification? Have you been unsuccessful in your attempts to sell the property?

If neither of these foreclosure alternatives has worked for you, another solution that may be available when your mortgage is owned by Freddie Mac is the Freddie Mac Standard Deed-in-Lieu. The transaction process for the Standard Deed-in-Lieu is more streamlined and simplified – enabling eligible homeowners to move out of the property more quickly and avoid foreclosure.

What is a deed-in-lieu? A deed-in-lieu of foreclosure allows homeowners to voluntarily transfer clear and marketable title of their property (i.e., the house and the land) to the owner of their mortgage in exchange for the discharge of their mortgage debt.

The Freddie Mac Standard Deed-in-Lieu simplifies and streamlines this foreclosure alternative by:

- Speeding up the decision-making process by delegating approval authority to our Servicers (the organization to which you send your mortgage payments);
- Expanding eligibility to a greater number of homeowners, regardless of their delinquency status; and
- Offering up to \$3,000 in relocation assistance for homeowners who meet certain requirements.

Are You Eligible?

You may be eligible for the Freddie Mac Standard Deed-in-Lieu if:

- Your mortgage is owned by Freddie Mac (visit our Loan Look-up Tool at <https://ww3.freddie.mac/corporate/> to find out);
- You submit a complete Borrower Response Package* to your Freddie Mac Servicer describing your financial situation;

- You are either current or delinquent on your mortgage payments and:
 - Can provide evidence of an eligible financial hardship (e.g., the death of a borrower or primary or secondary wage earner, long-term or permanent disability or serious illness of a borrower/co-borrower or dependent family member) that came as a result of an increase in your living expenses or a decrease in your income or were previously discharged from the debt obligation in a Chapter 7 bankruptcy;
 - Can convey clear and marketable title to the property to Freddie Mac;
 - You didn't qualify for a loan modification, or you did qualify for a loan modification but couldn't accept it because you need to move out of your house; and
 - You have tried unsuccessfully to sell the property through a Freddie Mac Standard Short Sale.
- In addition, if you are current or less than 31 days delinquent on your mortgage, you must:
 - Occupy the property as your primary residence; and
 - Have a monthly debt-to-income ratio greater than 55 percent (service members with Permanent Change of Station, or PCS, orders are exempt from this requirement).

In some cases, if you have the financial ability, you will be required to make a one-time payment prior to the closing of the Standard Deed-in-Lieu or sign a new promissory note to pay for a portion of the unpaid balance after the Standard Deed-in-Lieu transaction closes.

* Ask your Freddie Mac Servicer or HUD-approved housing counselor about the documents required to complete a Borrower Response Package.

Additional Flexibility for Service Members

Service members who receive Permanent Change of Station (PCS) orders qualify for additional flexibility under the Freddie Mac Standard Deed-in-Lieu, including:

- Enabling your PCS orders to be considered an eligible hardship if the location is greater than 50 miles from the mortgaged premises;
- Additionally, if the property is your primary residence purchased on or before June 30, 2012:
 - Eliminating the 55 percent or greater monthly debt-to-income ratio requirement; and
 - Waiving any cash or promissory note contribution requirement.

Visit our “Mortgage Relief Options for Service Members” page at http://www.freddie.mac.com/mortgage_help/military_assistance.html for more information, tools, and resources.

Homeowner Relocation Assistance

It is possible that you may qualify for a payment of up to \$3,000 in order to assist you with your relocation when the Freddie Mac Standard Deed-in-Lieu transaction has been completed.

You may also qualify for a new, supplemental borrower incentive of up to \$7,000 if you were not required to make a financial contribution to the transaction and your home is located in Connecticut, the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, New York, or Pennsylvania.

Not all homeowners will qualify for relocation assistance and/or the supplemental borrower incentive, so ask your Freddie Mac Servicer for details. Service members subject to PCS orders are not eligible for relocation assistance, as the government helps defray the cost of their move.

Note that the property must be vacant and broom-swept, or the relocation assistance payment will be reduced by the cost of cleaning and repair.

\$6,000 Second Mortgage Allowance

If you have a second mortgage or other subordinate mortgage on your property, Freddie Mac may pay up to \$6,000 to the other mortgage holder(s) to have them forgive your debt and release their lien. This allows you to leave the property free and clear.

For More Information

- Find out if Freddie Mac owns your mortgage by visiting our Loan Look-up Tool at <https://ww3.freddie.mac.com/corporate/>.
- Contact your Servicer. Their telephone number and mailing address should be listed on your monthly statement or coupon book.

- Refer to the definition of “service members” here: http://www.freddie.mac.com/mortgage_help/popup_servicemembers.html?type=popup&height=400
- Go to the U.S. Department of Housing and Urban Development website at <http://www.hud.gov/offices/hsg/sfh/hcc/fo/index.cfm> to find a list of free, HUD-approved nonprofit counseling agencies in your area that you can visit in person or talk to over the phone to help you with information and assistance to avoid foreclosure.
- Contact a Freddie Mac Borrower Help Center or Network participant listed at http://www.freddie.mac.com/mortgage_help/who_to_contact_for_help.html#helpcenters, where HUD-approved nonprofit housing counselors will provide free, confidential financial counseling to help you with information and assistance to avoid foreclosure.
- Visit the Freddie Mac “Mortgage Help Resource Center” at http://www.freddie.mac.com/homeownership/mortgage_help/ to find useful tips, tools, and educational resources, including information on what to expect when working with your Servicer. This page also includes a link to “Foreclosure Prevention Workshops” sponsored by community-based organizations in your state, as well as other helpful resources.

Footnotes:

- *Freddie Mac does not offer the Freddie Mac Standard Deed-in-Lieu directly. Your Freddie Mac Servicer will work with you to determine your eligibility.*
- *The Freddie Mac Standard Deed-in-Lieu should not impact you if you are already working with your Freddie Mac Servicer on an existing deed-in-lieu or other Freddie Mac alternative to foreclosure. If you receive a solicitation from your Servicer, or are already working on a solution, you should continue with your current process.*
- *Cancellation of debt through a deed-in-lieu may have tax consequences. Please consult your tax advisor to discuss potential tax consequences.*

Note: This flyer is meant to provide general information about the Freddie Mac Standard Deed-in-Lieu, and is not a comprehensive summary. Many specific additional terms, conditions, and limitations apply. Please contact your Freddie Mac Servicer for more detailed information about the program and eligibility requirements.