



Freddie Mac Standard Short Sale

A faster and simpler short sale process that helps distressed homeowners seeking to avoid foreclosure

Are you struggling to keep your home, but don't qualify for a loan modification? Are you thinking of selling your property in order to avoid foreclosure? If your mortgage is owned by Freddie Mac, you may be eligible for the Freddie Mac Standard Short Sale.

A short sale is the sale of the property for less than the balance remaining on your mortgage loan. With a short sale, we will release our mortgage lien on your property once we receive the proceeds from the sale of the property, even though it is less than the loan balance you owe. Benefits to you will include avoiding foreclosure and eliminating your mortgage debt.

The Freddie Mac Standard Short Sale simplifies and streamlines short sale transactions by:

- Allowing our Servicers to review and make decisions about your loan independently, speeding up the process (Servicers are the organization to which you send your mortgage payments);
- Enabling more struggling homeowners to qualify by expanding the list of allowable financial hardships as well as certain other requirements;
- Offering a quicker transition out of the home and at minimal cost for service members who receive Permanent Change of Station, or PCS, orders;
- Providing a \$3,000 move-out allowance for some qualified borrowers; and
- Paying off and releasing the first mortgage and resolving other mortgage debt.

Are You Eligible?

You may be eligible for the Freddie Mac Standard Short Sale if:

- Your mortgage is owned by Freddie Mac (visit our Loan Look-up Tool at <https://ww3.freddie.mac/corporate/> to find out);
- You are either current or delinquent on your mortgage payments and:
 - Can provide evidence of an eligible financial hardship (including PCS orders) that made your living expense go up or your income go down; and
 - You didn't qualify for a Freddie Mac 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
 - Have not entered into a program or arrangement where a third party takes title to your property and arranges a short sale in exchange for a fee.
- You are current or less than 31 days delinquent on your mortgage and you:
 - Occupy the property as your primary residence; and
 - Have a monthly debt-to-income ratio greater than 55 percent (service members with PCS orders are exempt from this requirement).
- You are more than 31 days delinquent on your mortgage (you do not have to occupy the property).

In some cases, if you have the financial ability, you may be asked to make a one-time payment or sign a new promissory note for a portion of the unpaid balance after the short sale closes.

Additional Flexibility for Service Members

Service members who receive Permanent Change of Station orders qualify for additional flexibility under the Freddie Mac Standard Short Sale, including:

- Enabling your PCS orders to be considered an eligible financial hardship;
- Eliminating the 55 percent or greater monthly debt-to-income ratio requirement if you are current or less than 31 days delinquent on your mortgage, the property is your primary residence, and you purchased it before June 30, 2012; and
- Waiving the cash/promissory note contribution requirement to close the short sale if the property is your primary residence and you purchased it before June 30, 2012.

\$3,000 Move-out Allowance

It is possible that you may qualify for a payment of up to \$3,000 in order to pay your moving expenses when the short sale is complete. Not all homeowners will qualify, so ask your Freddie Mac Servicer for details.

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 for “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/fc/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 Short Sale directly. Your Freddie Mac Servicer will work with you to determine your eligibility.*
- *The Freddie Mac Standard Short Sale should not impact you if you are already working with your Freddie Mac Servicer on an existing short sale 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 short sale 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 Short Sale, 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.