Freddie Mac Announces New Foreclosure Prevention Program

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Flex Modification to Provide Significant Payment Relief to Borrowers

MCLEAN, VA--(Marketwired - Dec 14, 2016) - Freddie Mac (OTCQB: FMCC) announced today the Freddie Mac Flex Modification foreclosure prevention program, which is designed to help America's families by offering significant reductions in their monthly mortgage payments. It replaces Freddie Mac's version of the Home Affordable Modification Program (HAMP®), which is set to expire at the end of this year.

The new program was developed in alignment with Fannie Mae at the direction of the Federal Housing Finance Agency (FHFA).

The Flex Modification incorporates input from a wide range of industry participants as well as lessons learned from earlier programs. It's expected to provide a 20 percent payment reduction for eligible borrowers. A high percentage of those who are at least 60 days delinquent would be eligible; the modification could also be an option for those who are current or less than 60 days delinquent in certain situations.

The program was shaped by a white paper published in July 2016 by the U.S. Department of the Treasury in conjunction with the U.S. Department of Housing and Urban Development (HUD) and FHFA titled *Guiding Principles for the Future of Loss Mitigation* pdf. It laid out five factors -- accessibility, affordability, accountability, sustainability and transparency -- that should form the foundation of future loss mitigation programs.

"We're proud to announce the Flex Modification program, a carefully considered and transparent alternative for homeowners who want to avoid foreclosure in today's post-crisis mortgage environment," said David Lowman, executive vice president of Freddie Mac's Single-Family Business. "We believe it strikes the appropriate balance between borrower relief and economic responsibility."

Servicers must implement the new program by Oct.1, 2017. In the interim, while HAMP expires on Dec.30, 2016, Freddie Mac's Standard and Streamlined Modifications will remain in effect until the new program is implemented.

Please visit our Freddie Mac Flex Modification web page pdf for additional information, including reminders and a link to our fact sheet.

FHFA's statement about the Flex Modification is available here.

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Today Freddie Mac is making home possible for approximately one in four home borrowers and is the largest source of financing for multifamily housing. Additional information is available at FreddieMac.com, Twitter @FreddieMac and Freddie Mac's blog.

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