

FEDERAL HOME LOAN MORTGAGE CORP  
Form 8-K  
January 15, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 8-K**  
**CURRENT REPORT**

**Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 14, 2015

**Federal Home Loan Mortgage Corporation**

*(Exact name of registrant as specified in its charter)*

**Freddie Mac**

|  |                     |                            |
|--|---------------------|----------------------------|
| <b>Federally chartered</b>             | <b>001-34139</b>    | <b>52-0904874</b>          |
| <b>corporation</b>                     |                     |                            |
| <i>(State or other jurisdiction of</i> | <i>(Commission</i>  | <i>(IRS Employer</i>       |
| <i>incorporation)</i>                  | <i>File Number)</i> | <i>Identification No.)</i> |

**8200 Jones Branch Drive**

**McLean, Virginia** **22102**  
*(Address of principal executive offices)* *(Zip Code)*  
Registrant's telephone number, including area code: **(703) 903-2000**

**Not applicable**

*(Former name or former address, if changed since last report)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Edgar Filing: FEDERAL HOME LOAN MORTGAGE CORP - Form 8-K

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On January 14, 2015, the Federal Housing Finance Agency (FHFA) released the 2015 Scorecard for Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation).

Under the terms of the 2014 Executive Management Compensation Program, one-half of a participating officer's At-Risk Deferred Salary (or 15% of Target TDC) is subject to reduction based on an assessment of Freddie Mac's performance against the Scorecard objectives. The Scorecard is set forth below:

**2015 Scorecard for Freddie Mac**

For all Scorecard items, Freddie Mac will be assessed based on the following criteria:

The extent to which Freddie Mac conducts initiatives in a safe and sound manner consistent with FHFA's expectations for all activities;

The extent to which the outcomes of its activities support a competitive, resilient, and liquid secondary mortgage market to the benefit of homeowners and renters;

The extent to which Freddie Mac conducts initiatives with the appropriate consideration for diversity and inclusion consistent with FHFA's expectations for all activities;

Cooperation and collaboration with FHFA, Fannie Mae, Common Securitization Solutions, the industry, and other stakeholders as appropriate; and

The quality, thoroughness, creativity, effectiveness, and timeliness of its work products.

**Maintain, in a safe and sound manner, credit availability and foreclosure prevention activities for new and refinanced mortgages to foster liquid, efficient, competitive, and resilient national housing finance markets. [40%]**

Freddie Mac is to:

**Work to increase access to mortgage credit for creditworthy borrowers, consistent with the full extent of applicable credit requirements and risk-management practices:**

Finalize improvements to the Representations and Warranties Framework for originations.  
Continue to provide clarity regarding Freddie Mac's expectations for servicer performance and remedies, where appropriate.  
Enhance servicer eligibility standards for Freddie Mac's counterparties.  
Continue to encourage greater participation by small lenders, rural lenders, and state and local Housing Finance Agencies.

Edgar Filing: FEDERAL HOME LOAN MORTGAGE CORP - Form 8-K

Continue to assess impediments to access to credit. Explore the feasibility of:

- i Greater purchases of loans on manufactured housing secured by real estate; and
- i Improving the effectiveness of pre-purchase and early delinquency counseling through existing or new partnerships with housing counseling networks.

Assess the feasibility of alternate credit score models and credit history in loan-decision models, including the operational and system implications.

Prepare to implement Duty to Serve requirements upon publication of a final rule.

**Effectively implement key loss mitigation activities, which include enabling borrowers to stay in their homes and avoiding foreclosure where possible:**

Pursue opportunities to encourage current HARP-eligible borrowers to take advantage of beneficial refinance opportunities.

Develop and execute additional strategies to reduce the number of severely aged delinquent loans held by Freddie Mac, considering tools such as loan modifications, short sales, deeds in lieu of foreclosure, and non-performing loan sales. The strategies should be informed by the Neighborhood Stabilization Initiative and have an emphasis on improving outcomes in hardest hit markets.

Develop and execute additional strategies to reduce the number of vacant real estate owned (REO) properties held by Freddie Mac, considering tools such as sales to non-profit organizations, repairs to REO properties before third-party sale, and demolition or possible donation of uninhabitable properties. The strategies should be informed by the Neighborhood Stabilization Initiative and have an emphasis on improving outcomes in hardest hit markets.

Propose and implement solutions for HAMP borrowers facing rate resets.

Continue to engage in efforts to reduce costs for Lender Force Placed Insurance.

**Maintain the dollar volume of new multifamily business for Freddie Mac at \$30 billion or below, excluding:**

Affordable housing loans, loans to small multifamily properties and loans to manufactured housing rental communities.

**Reduce taxpayer risk through increasing the role of private capital in the mortgage market. [30%]**

Freddie Mac is to:

**Single-Family:**

Freddie Mac will transact credit risk transfers on reference pools of single-family mortgages with a UPB of at least \$120 billion. This UPB requirement will be reviewed periodically and adjusted as necessary to reflect market conditions.

In meeting the above target, Freddie Mac must utilize at least two types of risk transfer structures.

**Multifamily:**

Freddie Mac will determine the feasibility of transacting additional approved types of risk transfer structures to determine their: (a) market acceptance, (b) effectiveness at transferring risk, and (c) ability to expand the scale of the transfer initiatives. Based on the feasibility assessment, Freddie Mac may execute additional risk transfers.

**Retained Portfolio:**

Freddie Mac will continue to implement its approved retained portfolio plan so that the plan meets, even under adverse conditions, the annual PSPA requirements and the \$250 billion PSPA cap by December 31,

2018.

- i Any sales should be commercially reasonable transactions that consider impacts to the market, borrowers, and neighborhood stability.

**Implement private mortgage insurance eligibility requirements for Freddie Mac's counterparties when finalized.**

**Build a new single-family securitization infrastructure for use by the Enterprises and adaptable for use by other participants in the secondary market in the future. [30%]**

Freddie Mac and Fannie Mae (the Enterprises) are to:

**Continue working with FHFA, each other, and Common Securitization Solutions, LLC to build and test the Common Securitization Platform (CSP) and to implement the changes necessary to integrate the Enterprises related systems and operations with the CSP.**

The Enterprises' work on CSP should incorporate the following design principles:

Focus on the functions necessary for current Enterprise single-family securitization activities.  
Include the development of the operational and system capabilities necessary to issue a Single Security for the Enterprises.

Allow for the integration of additional market participants in a future system.

**Finalize the Single Security structure, including security features, disclosure standards, and related requirements. Develop a plan to implement the Single Security in the market.**

**Provide active support for mortgage data standardization initiatives:**

Develop a plan for collecting the Uniform Closing Disclosure Dataset (UCD).

Develop the Uniform Loan Application Dataset (ULAD).

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FEDERAL HOME LOAN MORTGAGE  
CORPORATION

By: /s/ Donald H. Layton  
Donald H. Layton  
Chief Executive Officer

Date: January 15, 2015