

INSTRUCTIONS FOR FILING FORM 1065

Use: A Servicer must prepare this form to notify Freddie Mac that it submitted original, corrected or voided IRS Forms 1099-A and 1099-C directly to the IRS. Submit the completed Form 1065 to the following address:

Freddie Mac
8100 Jones Branch Drive
ATTN: Corporate Tax/Form 1065 MS B2B
McLean, VA 22102

Sources: Servicers must reproduce Form 1065.

Magnetic media submission: Servicers that submit IRS Forms 1099-A and 1099-C information to the IRS on magnetic media must submit only one Form 1065.

List of Mortgages with unavailable Borrower tax identification numbers: If a Servicer is unable to obtain a Borrower's tax identification number, the Servicer must list the applicable loan number on Form 1065. If the Servicer must list more than 26 Mortgages, it may attach an addendum to the form or submit another Form 1065.

GENERAL INSTRUCTIONS FOR IRS FORMS 1099-A AND 1099-C

A Servicer should contact the IRS to ensure that the Servicer has a sufficient supply of IRS Form 1099-A, Acquisition or Abandonment of Secured Property, and IRS Form 1099-C, Cancellation of Debt for the applicable year.

A Servicer must follow all instructions for printing these forms. The Servicer must not send copy B or copy C to Freddie Mac.

General instructions for completing each portion of the form follow:

Lender's name, street address, city, state and Zip Code. Insert the following:

Attn: Corporate Tax Department
Freddie Mac (xxxxxx) [Seller/Servicer number]
8100 Jones Branch Drive, MS B2B
McLean, VA 22102

Lender's federal identification number. Insert 52-0904874

Borrower's identification number. Enter the Borrower's SSN. For estates or trusts, enter the Employer Identification Number (EIN). See IRS publication, *Instructions for Forms 1099, 1098, 5498, and W-2G*.

When more than one Borrower has an interest in the property, file an IRS Form 1099-A or Form 1099-C for each Co-Borrower. (However, for debts incurred before 1995, and for debts of less than \$10,000 incurred after 1994, file an IRS Form 1099-C only for the primary (or first-named) Borrower.) Generally, only one IRS Form 1099-A or 1099-C should be filed for married Borrowers who are jointly liable.

Borrower's name. Enter the Borrower's name. For estates or trusts, see IRS publication, *Instructions for Forms 1099, 1098, 5498, and W-2G*.

Street address, city, state and Zip Code. Enter the Borrower's current mailing address, if it is known. Otherwise, enter the Borrower's last known address. Use the official post office abbreviation for the state if the Borrower is a US resident. Check IRS Publication 1220 to obtain the state and foreign abbreviations that the IRS will accept.

Account number. The account number should include the nine-digit Freddie Mac loan number, followed by one space and the six-digit Seller/Servicer number.

INSTRUCTIONS FOR COMPLETING IRS FORM 1099-A

Box 1. Date of lender's acquisition or knowledge of abandonment. Insert the date (in MMDDYYYY format) that one of the following actions occurred:

- **Property acquisition—foreclosure or deed in lieu of foreclosure.** Enter the date that the Servicer acquired an interest in the property on Freddie Mac's behalf. Use the *later* of the date of the foreclosure sale, the date of the deed in lieu of foreclosure or the date the Borrower's right of redemption expires. For example, if the Servicer acquires a property on 12/15/2004, but the redemption period does not expire until 6/15/2005, the Servicer must submit the IRS Form 1099-A for the 2005 reporting period, not 2004.
- **Sale to a third party.** Insert the date that a third party acquired the property at a foreclosure or similar sale. If Freddie Mac held a Second Mortgage on the property and the first Mortgage holder acquired the property for an amount that would not satisfy both Mortgage debts, insert the date the first Mortgage holder acquired the property.
- **Abandonment.** If the Servicer does not expect to begin foreclosure proceedings within three months after the property was abandoned, it should report the date that it knew (or had reason to know) that the property had been abandoned. However, if the Servicer expects to begin foreclosure proceedings within three months, it should insert the date that an interest in the property was acquired. When the foreclosure proceedings have not begun within the three-month period, the obligation to report arises upon the expiration of the three-month period, and the Servicer must provide information as of the date it first had reason to know of the abandonment.

For example: A Servicer learns of a property abandonment on 12/31/2004. If the Servicer does not intend to start foreclosure proceedings within three months, it would prepare an IRS Form 1099-A for 2004, showing 12/31/2004 as the acquisition date. The Servicer would file the IRS Form 1099-A with the IRS on or before February 28, 2005, and furnish a statement to the Borrower on or before January 31, 2005. But, if the Servicer expected to begin foreclosure proceedings within the next three months, it would prepare a return for 2005 and file such return in 2006, showing the actual property acquisition date if the foreclosure proceedings began within three months, or showing the date of the abandonment if the commencement of foreclosure proceedings was delayed beyond the three months.

Box 2. Balance of principal outstanding. Insert the total outstanding indebtedness (principal only) at the time of the property acquisition, third-party sale or property abandonment.

Box 3. Gross foreclosure proceeds. Leave this box blank.

Box 4. Fair market value of property. For a foreclosure, execution or similar sale, enter the fair market value of the property. Generally, the gross foreclosure bid price is considered to be the fair market value. If an abandonment or voluntary conveyance to the lender in lieu of foreclosure occurred and you checked "Yes" in box 5, enter the appraised value of the property. Otherwise, make no entry in this box.

Box 5. Was the Borrower personally liable for repayment of the debt? Enter an "x" in the applicable box to indicate whether the Borrower was personally liable for repayment of the debt.

Box 6. Description of property. Insert the address of the property. If the property address does not sufficiently identify the property, enter the section, lot and block numbers.

INSTRUCTIONS FOR COMPLETING IRS FORM 1099-C

Box 1. Date Canceled. Enter the date that the Debt was canceled, based on the “identifiable event” definition and discussion in Section 55.3.1(c).

Box 2. Amount of Debt Canceled. Enter the amount of the canceled Debt. Do not include any amount received in satisfaction of the Debt by means of a settlement agreement, foreclosure sale, etc. Freddie Mac will advise you of any amounts so received pursuant to its negotiation with Borrowers.

Box 3. Interest if Included in Box 2. Enter any interest included in the canceled Debt amount in Box 2. Again, interest need not be included in Box 2; but if it is included in Box 2, it must also be included in Box 3.

Box 5. Debt Description. Enter “Mortgage”. If you are filing a combined Form 1099-A and 1099-C, include a description of the property.

Box 6. Check for Bankruptcy. Check the box if you are reporting a Debt canceled in Bankruptcy.

Box 7. Fair Market Value (FMV) of the Property. If you are filing a combined Form 1099-A and 1099-C for a foreclosure, execution, or similar sale, enter the FMV of the property. Otherwise leave Box 7 blank. Generally, the gross foreclosure bid price is considered to be the FMV. If an abandonment or voluntary conveyance in lieu of foreclosure occurred, enter the appraised value of the property.

Account Number. May show an account number assigned by the creditor to distinguish the account. Show both a Servicer’s loan number and a Freddie Mac loan number if possible.