

Bulletin

TO: Freddie Mac Servicers

June 10, 2020 | 2020-21

SUBJECT: TEMPORARY SERVICING GUIDANCE RELATED TO COVID-19

Bulletins 2020-4, 2020-7, 2020-10, 2020-15 and 2020-16 provided temporary Servicer guidance in response to the National Emergency Declaration resulting from the outbreak and spread of COVID-19. As we continue to monitor and assess the situation, and in response to Servicer questions, with this Bulletin we are announcing:

- Updates to [Servicer incentives](#)
- Reminder on [requirements for approving a forbearance plan](#) for Borrowers with a COVID-19 related hardship
- Clarification on [HAMP good standing](#) for a COVID-19 impacted Borrower
- Clarification on [continued solicitation for a Freddie Mac Flex Modification](#) based on the reduced eligibility criteria
- [Late notices/payment reminder letters](#)
- Updates to [Workout Prospector – delinquent interest](#)
- [Other topics](#)

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

SERVICER INCENTIVES

Bulletin 2020-15 stated that the Servicer incentive for a COVID-19 Payment Deferral would be communicated at a later date. With this Bulletin, we are informing Servicers of the COVID-19 Payment Deferral incentive amount, as well as making the following temporary updates to other Servicer incentives:

Incentive Type	Incentive Amount
Repayment Plan	\$500 Effective for all repayment plans with a first payment due date under the repayment plan on or after July 1, 2020
Payment Deferral/COVID-19 Payment Deferral	\$500 Effective immediately for all Payment Deferrals/COVID-19 Payment Deferrals (NOTE: Payment Deferral evaluations do not begin until on or after July 1, 2020)
Flex Modification®	\$1,000 Effective for all Flex Modifications completed with a Trial Period Plan effective date on or after July 1, 2020

All incentive types described above are earned by the Servicer in accordance and compliance with all requirements as described in the Guide and associated Bulletins.

Additionally, beginning on the effective dates described above, Servicer incentives will be capped at a total of \$1,000 per Mortgage in aggregate for all repayment plans, Payment Deferral/COVID-19 Payment Deferrals and Flex Modifications completed going forward. Workout and relief options already completed, or begun prior to the effective dates described above will not be subject to the aggregate incentive cap. Existing incentive amounts for liquidations will remain unchanged, and will not be subject to the incentive cap.

Exhibit 96, *Servicing Incentives and Compensatory Fees*, will be updated with Bulletin 2020-22.

FORBEARANCE PLAN REMINDERS

In response to questions received, Freddie Mac is reminding Servicers of the requirements in Bulletin 2020-10 as they relate to approving a forbearance plan for a Borrower with a COVID-19 related hardship. The requirements for approving a forbearance plan for a Borrower with a COVID-19 related hardship include, but are not limited to the following:

- Permitting a forbearance plan regardless of delinquency, including one that would establish or extend a delinquency beyond a cumulative 12 months, and
- Affirming that the Servicer must send a forbearance plan agreement to the Borrower, and
- Clarifying that the Servicer must provide the term requested by the Borrower (i.e. if the Servicer and Borrower cannot agree on the length of the forbearance plan, then the Servicer must offer the forbearance plan term length requested by the Borrower, not to exceed 180 days).
- Re-affirming that our temporary forbearance plan requirements require Servicers to approve or extend forbearance plans based on limited QRPC with the Borrower and/or an attestation from the Borrower that they continue to be impacted by a COVID-19 related hardship.

HAMP® GOOD STANDING FOR COVID-19 IMPACTED BORROWERS

In Bulletin 2020-16, we announced that if the Borrower's Mortgage was previously modified under the Home Affordable Modification ProgramSM (HAMP®) and the Borrower is in "good standing" when they entered into a COVID-19 forbearance plan, then the Borrower will retain good standing while on the active forbearance plan, even if the Borrower becomes more than 90 days delinquent. Additionally, the Borrower will retain good standing if they transition directly from a COVID-19 forbearance plan to a reinstatement, a repayment plan or a COVID-19 Payment Deferral.

With this Bulletin, we are further clarifying that if a Borrower with a COVID-19 related hardship was not on a forbearance plan, but is less than 90 days delinquent and has not lost good standing upon entering into a COVID-19 Payment Deferral, the Borrower will retain good standing.

CONTINUED SOLICITATION FOR A FLEX MODIFICATION®

In Bulletin 2020-15, we provided reduced eligibility criteria for Freddie Mac Flex Modifications® in certain circumstances, and updated solicitation requirements for the Flex Modification. With this Bulletin, we are clarifying that the Servicer is authorized to continue proactive solicitation for a Flex Modification based on the reduced eligibility criteria described in Bulletin 2020-15, at its discretion. In accordance with existing requirements, the Servicer must not solicit a Borrower for a Flex Modification based on reduced eligibility criteria if the Mortgaged Premises has a scheduled foreclosure sale date within 60 days of the evaluation date if in a judicial State, or within 30 days of the evaluation date if in a non-judicial State.

LATE NOTICES/PAYMENT REMINDER LETTERS

When a scheduled payment is not received from the Borrower, Guide Section 9102.4 requires the Servicer to send a late notice/reminder letter to the Borrower no later than the 17th day after the Due Date, or the next Business Day if the 17th day after the Due Date is not a Business Day.

We are clarifying that the Servicer is authorized to not send a late notice/reminder letter to the Borrower during an active forbearance plan term. This applies without regard to whether the Borrower's monthly payment is reduced or suspended during the forbearance plan term. Additionally, this applies to forbearance plans for Borrowers with any eligible hardship type, including a COVID-19 related hardship.

WORKOUT PROSPECTOR® – DELINQUENT INTEREST

In response to the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), we are temporarily updating Workout Prospector® to modify how we calculate delinquent interest for the processing of the Payment Deferral and the Flex Modification in our automated fields. Workout Prospector is being updated to reflect these edits, however in the meantime Servicers must adjust the automated fields to adhere to applicable law. Additionally, Servicers must ensure compliance with the CARES Act and all applicable law during the forbearance plan term for a Borrower with a COVID-19 related hardship, and for any subsequent reinstatement, relief option, or workout option. The Workout Prospector User’s Guide will be updated shortly to identify the field at issue and provide other details.

OTHER TOPICS

- We are providing a slightly revised COVID-19 Payment Deferral agreement, updated to remove language referencing the loss of good standing under HAMP, and in reference to the CARES Act (Attachment A)

ADDITIONAL RESOURCES

We encourage Servicers to review the following COVID-19 resources:

- Freddie Mac Single-Family web page on [COVID-19 resources](#)
- Freddie Mac [Servicing FAQs](#) on COVID-19

GUIDE UPDATES

The Guide will not be updated at this time to reflect these changes.

CONCLUSION

We appreciate the support that Servicers continue to extend to Borrowers coping with hardships attributed to COVID-19. If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call the Customer Support Contact Center at 800-FREDDIE.

Sincerely,



Bill Maguire

Vice President, Servicing Portfolio Management