

TO: Freddie Mac Seller/Servicers

June 24, 2020 | 2020-24

SUBJECT: REVISED LIQUIDITY REQUIREMENT FOR MORTGAGES IN COVID-19-RELATED FORBEARANCE

Effective June 30, 2020

Under the guidance of the FHFA and in alignment with Fannie Mae, Freddie Mac is updating the liquidity requirements for Seller/Servicers that are not depository institutions in recognition of the reduced Servicing costs associated with Mortgages in COVID-19-related forbearance relative to Servicing costs of other non-performing loans. In lieu of the liquidity requirement in Guide Section 2101.2(c), Seller/Servicers that are not depository institutions must at all times maintain liquidity according to the revised requirements shown in the table below.

Current liquidity requirement in Section 2101.2(c)	Revised liquidity requirement
<p>Seller/Servicers that are not depository institutions must at all times maintain the Acceptable Net Worth requirements applicable to depository institutions in Section 2101.2(b), and must also maintain the following:</p> <ul style="list-style-type: none"> • Tangible Net Worth/total assets ratio greater than or equal to 6%, and • Liquidity equal to or exceeding 3.5 basis points times Agency Mortgage Servicing plus 200 basis points times the sum of nonperforming (90 or more days delinquent) Agency Mortgage Servicing that exceed 6% of Agency Mortgage Servicing 	<p>Seller/Servicers that are not depository institutions must at all times maintain the Acceptable Net Worth requirements applicable to depository institutions in Section 2101.2(b), and must also maintain the following:</p> <ul style="list-style-type: none"> • Tangible Net Worth (as defined in Section 2101.2(a))/total assets ratio greater than or equal to 6%, and • Liquidity (as defined in Section 2101.2(a)) equal to or exceeding 3.5 basis points times Agency Mortgage Servicing plus 200 basis points times the sum of the following: <ul style="list-style-type: none"> ➤ The total UPB of nonperforming (90 or more days delinquent) Agency Mortgage Servicing that is not in forbearance, plus ➤ The total UPB of nonperforming (90 or more days delinquent) Agency Mortgage Servicing that is in forbearance and which were delinquent at the time it entered forbearance, plus ➤ 30% of the UPB of nonperforming (90 or more days delinquent) Agency Mortgage Servicing that is in forbearance and which were current at the time it entered forbearance <p>This liquidity must only be maintained to the extent this sum exceeds 6% of Agency Mortgage Servicing.</p>

Please note that if a Mortgage exits forbearance during a quarter, it will continue to be treated as being in forbearance until the end of that quarter for purposes of the liquidity requirement.

CONCLUSION

We appreciate the support that Seller/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,

A handwritten signature in black ink, appearing to read "Bill Maguire", with a stylized flourish at the end.

Bill Maguire
Vice President, Servicing Portfolio Management