

# Bulletin

TO: Freddie Mac Servicers

December 9, 2020 | 2020-46

## SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

### COVID-19 Updates

- An extension of the [COVID-19 foreclosure moratorium](#)
- Updates to requirements for [Borrower-requested cancellation of Borrower-paid mortgage insurance](#)

### Resolve<sup>SM</sup> user interface launch with Decision Insights

- Decision Insights for [short sale exceptions](#) – **March 1, 2021**

### Automated Clearing House (ACH) authorization forms

- Updates to [Automated Clearing House \(ACH\) authorization forms](#)

### Freddie Mac Flex Modification<sup>®</sup> Trial Period Plan failure

- Updates to [Flex Modification Trial Period Plan](#) requirements

### Electronic Payment Deferral Agreement

- Updates to [Electronic Payment Deferral Agreements](#)

### Occupancy waiver request

- Clarification to [occupancy waiver requests](#) for Second Homes

### Form 1036

- [Form 1036](#) updates

### Additional Guide updates

- Further updates as described in the [Additional Guide updates](#) section of this Bulletin

## EFFECTIVE DATE

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

## EXTENSION OF THE COVID-19 FORECLOSURE MORATORIUM

We are extending the foreclosure moratorium announced in Guide Bulletins 2020-4, 2020-10, 2020-16, 2020-25 and 2020-34. Servicers must suspend all foreclosure actions, including foreclosure sales, through **January 31, 2021**. This includes initiation of any judicial or non-judicial foreclosure process, move for foreclosure judgment or order of sale. This foreclosure suspension does not apply to Mortgages on properties that have been determined to be vacant or abandoned.

## BORROWER-REQUESTED CANCELATION OF BORROWER-PAID MORTGAGE INSURANCE

We are revising certain requirements related to Borrower-requested cancellation of Borrower-paid mortgage insurance for Borrowers subject to a COVID-19 related hardship

For Borrowers who request to cancel Borrower-paid mortgage insurance post-COVID 19 related hardship after the Mortgage has been restored to current status, the Borrower's payment history must meet the following payment history requirements:

- No payment 30 days or more past due in the preceding 12 months except when the Delinquency is a direct result of the Mortgage being subject to a COVID-19-related hardship (including Mortgages on COVID-19 forbearance plans), and, following the COVID-19-related hardship, transition to a relief or workout option to cure the Delinquency (e.g., repayment plan or Trial Period Plan); and
- No payment 60 days or more past due in the preceding 24 months except when the Delinquency is a direct result of the Mortgage being subject to a COVID-19 related hardship (including Mortgages on COVID-19 forbearance plans), and, following the COVID-19 related hardship, transition to a relief or workout option to cure the Delinquency (e.g., repayment plan or Trial Period Plan)
- For Mortgages restored to current status under the COVID-19 Payment Deferral, the Borrower must make three consecutive payments following the settlement of the COVID-19 Payment Deferral to meet this qualification requirement

Note: the above requirements apply regardless of whether the request to cancel Borrower-paid mortgage insurance is based on original or current value.

## RESOLVE<sup>SM</sup> USER INTERFACE LAUNCH WITH DECISION INSIGHTS

**Effective March 1, 2021**

As part of Reimagine Servicing<sup>®</sup>, Freddie Mac is transforming loss mitigation by developing a default management solution leveraging client insights to better meet Servicers' needs for speed to market Mortgage resolution. Resolve<sup>SM</sup> uses automation and seamless integration to deliver rapid, rules-based workout decisions. The first available component of the Resolve user interface is Decision Insights – a centralized location with a comprehensive view of default activities such as decisions, responses, dashboards, default and status reporting to track towards timely resolution of workout solutions and will be accessible through the [Servicing Gateway](#).

Effective March 1, 2021, all non-delegated short sales submitted through Workout Prospector<sup>®</sup> will be available in Resolve through Decision Insights which will provide transparency into the exception review process.

Workout Prospector will be available until all the capabilities of Resolve are built. Guide Section 9208.2 and Directory 5 have been updated to reflect this change. For more information on future capabilities and product availability, visit the [Resolve web page](#).

Servicers can register for the [Introduction to Decision Insights in Resolve<sup>SM</sup> webinar](#) to learn how to leverage this new tool to track and manage non-delegated short sales.

Guide impacts: Section 9208.2 and Directory

## AUTOMATED CLEARING HOUSE (ACH) AUTHORIZATION FORMS

We are simplifying the Automated Clearing House (ACH) authorization process by clarifying that Servicers must use Forms 1132, *Authorization for Automatic Transfer of Funds Through the Automated Clearing House (ACH) for Seller/Servicers* and 1132A, *Authorization for Automatic Transfer of Funds from a Principal and Interest Custodial Account Through the Automated Clearing House (ACH)* and Vendors must use Form 98, *Authorization for the Automatic Transfer of Funds Through the Automated Clearing House (ACH) for Vendors*. To streamline operations, we are requiring Servicers to submit their ACH authorization forms electronically, either via email to [cashcollections@freddiemac.com](mailto:cashcollections@freddiemac.com) or through the new eBill system. We are requiring Vendors to submit their ACH authorization forms electronically to [counterparty\\_authorization@freddiemac.com](mailto:counterparty_authorization@freddiemac.com).

Form 1132 is being updated to allow Servicers to provide ACH instructions for payment of workout incentives and expense reimbursements

Form 1132A is being updated to:

- Correspond each form to a single Seller/Servicer number
- Allow for communication of future effective dates; and
- Include additional information about forms that may need to be submitted with a new [Form 1132A](#)

Servicers must use the newly updated forms on and after December 9, 2020 to provide new or updated ACH instructions. If Servicers already have ACH instructions on file with Freddie Mac, then no action is required until those instructions need to be changed or renewed.

Servicers can register for the [How to Manage Your Workout Incentives webinar](#) to learn how to confirm and upload Forms 1132 and 1132A (ACH authorization forms) and reconcile payment activity using the eBill system.

Guide impacts: Sections 2101.12, 2201.1, 2405.1, 2405.7, 8303.3, 8303.34, 8303.35, 9102.1, 9204.6 and Forms 98, 1132, and 1132A

## FREDDIE MAC FLEX MODIFICATION® TRIAL PERIOD PLAN FAILURE

Currently, Borrowers are considered to have failed Flex Modification Trial Period if they fail to execute and return a Modification Agreement within 14 days from the date the Servicer sent the agreement. This requirement impacts Flex Modification eligibility because Borrowers who have failed a Flex Modification Trial Period plan within 12 months of the evaluation date are ineligible for a Flex Modification.

In response to Servicer feedback and to provide Servicers and Borrowers greater flexibility, we are updating the requirements in Section 9206.11(b)(i) to remove the requirement that the Borrower must execute and return the Modification Agreement within 14 days from the date the Servicer sent the agreement.

Guide impact: Section 9206.11

## ELECTRONIC PAYMENT DEFERRAL AGREEMENT

In Bulletin 2020-39, we announced the Electronic Payment Deferral Agreement designed to provide greater flexibility to both Servicers and Borrowers. We are updating the Guide to include additional Electronic Payment Deferral Agreements information along with minor corrections to align with changes in related Guide sections.

Section 8102.2(b) has been updated to reflect the addition of Electronic Payment Deferral Agreements along with the correction for all eModifications to be included in Subservicing Agreement Termination/Expiration requirements.

Sections 9203.27, 8107.1(b)(iii) and 9206.19(d)(v) have been updated to reflect correct language and references received from Bulletin 2020-39 feedback.

Guide impacts: Sections 8102.2, 8107.1, 9203.27 and 9206.19

## OCCUPANCY WAIVER REQUESTS

We are updating Section 8405.1 to clarify that occupancy waiver requests apply to Second Homes as well as a Primary Residence. When Freddie Mac approval is required, Servicers must document the Borrower's request and forward a recommendation to Freddie Mac via e-mail to [shortsales@freddiemac.com](mailto:shortsales@freddiemac.com). Freddie Mac will review the request, the supporting documentation and the Servicer's recommendation, and will notify the Servicer of its approval or denial of the request. The Servicer must maintain the Borrower's request, the supporting documentation, if applicable, and Freddie Mac's decision in the Mortgage file.

Guide impact: Section 8405.1

## FORM 1036

We are updating Form 1036, *Request for Possession or Control of Documents* to incorporate the terms of Chapter 1401 to apply to the Document Custodian in addition to the Seller/Servicers. These revisions provide that Form 1036 will then also act as an agreement between the Seller/Servicer and Document Custodian governing electronic transactions as required in Section 8107.2(b).

Going forward, use of the Form 1036 will provide compliance with Guide requirements and remove the need to complete a separate agreement when completing and exchanging Form 1036 through electronic means such as email.

Guide impact: Form 1036

## ADDITIONAL GUIDE UPDATES

### Escrow Requirements

#### Effective February 1, 2021

Bulletin 2020-39 announced a new requirement, effective February 1, 2021, for Servicers to have a written policy in place governing the circumstances under which an Escrow account may be waived. In addition, we provided guidance to Servicers for submission of an exception request for an Escrow account waiver for Freddie Mac review.

With this Bulletin, we are clarifying the exception request-related requirement with further details when submitting an exception request to Freddie Mac.

Section 8201.1 provides that if a Borrower does not have an Escrow account and the Servicer discovers nonpayment of any charge otherwise payable from Escrow and the Borrower is not able to provide proof of payment within 30 days, then, when allowed by applicable law, the Servicer must begin to collect Escrow for future bills.

However, if based on the circumstances and the Borrower's history, the Servicer does not believe a force-placed Escrow account is warranted, then the Servicer may consider an exception. If the Servicer believes an exception is warranted, even though the Borrower did not meet the requirements under Section 8201.1(c), then the Servicer must send the exception request to Freddie Mac (see Directory 5) for review.

Guide impact: Section 8201.1

### Authentication Credentials for Systems access

As announced in Bulletin 2020-45, we updated the access management provisions of the Guide to make it clear that Seller/Servicers are required to reset certain Authentication Credentials every 90 days (for individual user credentials), and every 365 days (for system-to-system credentials). In the event such resets do not occur, or if there is no System activity associated with such credentials within their respective time periods, Freddie Mac may deactivate System access for such credentials.

These updates are intended to bolster already-robust access management practices for **Freddie Mac Loan Advisor®** and **Servicing Gateway** tools. Section 2401.1 has been updated to reflect this change.

Guide impact: Section 2401.1

### EDR Reporting for COVID-19 and Disaster Payment Deferrals

In Bulletins 2020-15 and 2020-28, we stated that Servicers must report EDR Event Code H6, *Payment Deferral Offer* to notify Freddie Mac that the Mortgage is subject to an active COVID-19 or Disaster Payment Deferral offer.

We are clarifying that Servicers must submit Status Code H6 through EDR.

Section 9203.26 and the [Electronic Default Reporting Quick Reference Guide](#) will be updated to reflect this change.

Guide impact: Section 9203.26

## GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, access the Bulletin 2020-46 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2020-46>.

## CONCLUSION

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 long horizontal flourish extending to the right.

Bill Maguire

Vice President, Servicing Portfolio Management