

# Bulletin

To: Freddie Mac Servicers

December 14, 2022 | 2022-26

## SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

- **Resolve®**
  - The ability for Servicers to begin submitting Payment Deferrals and settling Flex Modifications in [Resolve](#) – **August 31, 2023**
- **Home Affordable Modification Program (HAMP®) termination**
  - A follow-up to Treasury's [Accelerated Program End date announcement](#)
- **Updates to user forms**
  - New letter agreement requirements when establishing a new [Custodial Account](#)
- **Mortgage insurance**
  - An improved process for canceling [mortgage insurance on unseasoned loans](#)
- **Short sale and deed-in-lieu relocation assistance**
  - An increase in the Borrower [relocation assistance payment](#) – **April 1, 2023**
- **Escrow shortage for COVID-19 and Disaster Payment Deferrals**
  - A clarification regarding evaluating a Borrower for a [COVID-19 or Disaster Payment Deferral](#)
- **Additional Guide updates**
  - Further updates as described in the [Additional Guide updates](#) of this Bulletin

## EFFECTIVE DATE

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

## RESOLVE UPDATE

Servicers may begin settling Flex Modifications processed through the Resolve user interface (UI) on April 3, 2023 and may begin processing Payment Deferrals on May 15, 2023, if they are operationally able to do so.

In [Bulletin 2022-21](#), we announced that Servicers must use Resolve to process all new evaluations for Payment Deferrals and Flex Modifications beginning on July 31, 2023. To provide Servicers a minimum of 90 days to adopt the functionality, we are adjusting this date. Effective August 31, 2023, Servicers must transition their processing for Payment Deferrals and Flex Modifications from Workout Prospector to Resolve.

As we announced in Bulletin 2022-21, Servicers who are operationally able to do so may begin processing Flex Modifications in the Resolve UI on December 5, 2022. Beginning on April 3, 2023, Servicers may begin settling those Flex Modifications processed in Resolve.



Borrower Evaluation	Trial Period Plan	Settlement
December 5, 2022	January – March 2023	Beginning on April 3, 2023

Additionally, Servicers may begin processing and settling Payment Deferrals through the Resolve UI beginning on May 15, 2023.

Once a Servicer evaluates a Borrower for a Payment Deferral or Flex Modification in Resolve, that workout must be completed in Resolve (e.g., a loan cannot be simultaneously evaluated for a workout in Resolve and Workout Prospector or settle a loan in Resolve that was evaluated in Workout Prospector).

Servicers must transition their processing of Payment Deferrals and Flex Modifications from Workout Prospector to Resolve, either through the Resolve UI or the Retention application programming interface (API), no later than August 31, 2023.

### Submitting Payment Deferrals and Flex Modifications using Resolve APIs

Servicers currently have the option to use Resolve APIs, which enable a direct connection to Resolve without leaving an existing default management or loss mitigation platform. The Workout Options API and Retention API enable Servicers to process Payment Deferrals and Flex Modifications through settlement (including exception requests). Servicers that are interested in Resolve APIs should review the information available on the [Resolve APIs web page](#).

### Access management

For users that have already been provisioned for Resolve access, no further action is required to begin using the new capabilities as they become available.

For users new to Resolve, Access Manager administrators should log into [Access Manager](#) to provision new users, modify roles and/or assign any additional administrators.

If you are an executive or primary elevated administrator, you may grant access to a primary or secondary administrator, and you can provision your primary and/or secondary administrators to grant access to Resolve to any new users across your organization at any time. Note that executive and primary elevated administrators can also provision the tool directly to the user as needed.

If you are a primary or secondary administrator, contact your executive or primary elevated administrators who may grant you permission to provision user access to Resolve via Freddie Mac Access Manager.

Servicers that are not enrolled with Freddie Mac Access Manager must enroll in Access Manager to use Resolve. Get started by submitting the [Access Manager Get Started Form](#).

Upon submission, a Freddie Mac representative will respond within two Business Days to assist with getting the organization set up and ready to access Resolve.

For Servicers and their Authorized Users, use of Resolve will be governed by the Master Systems License (see Guide Section 2401.1) and the System-Specific License for Servicing Tools and Systems (see Guide Chapter 2404).

### Available training

As new Resolve functionality becomes available, training will be available through the [Resolve training web page](#).

### Guide impacts

Guide Sections 9203.24 and 9203.26 have been updated to reflect the updates announced in this Bulletin.

Additionally, Sections 2404.2, 9206.5, 9206.7, 9206.8, 9206.10, 9206.11, 9206.13, 9206.16, 9206.17 and Guide Exhibit 88, *Servicing Tools*, have been updated to reflect the new effective date for processing all new evaluations for Payment Deferrals and Flex Modifications.



## HAMP TERMINATION

On November 1, 2022, Treasury issued Supplemental [Directive 22-01 Making Home Affordable Program – Revised Program End Date](#) stating that certain requirements set forth in the Servicer Participation Agreement (SPA) and related documents originally scheduled to expire on December 29, 2023, will now expire on April 28, 2023 (Accelerated Program End Date). Servicers must complete all reporting activity, including corrections, in the HAMP Reporting Tool at least 30 days prior to the Accelerated Program End Date.

As a result of the Accelerated Program End Date, eligibility for and disbursement of the HAMP Year Six Pay for Performance incentive may be impacted for some Borrowers. For any Mortgage with a sixth-year anniversary of the HAMP Trial Period Plan Effective Date on or after April 1, 2023, the HAMP Year Six Pay for Performance incentive is considered earned if the following requirements have been met at least 30 days prior to the Accelerated Program End Date:

- The Borrower has submitted a Dodd-Frank Certification (DFC), a form containing information requested by the federal government, or its Freddie Mac equivalent, Guide Form 720, *Real Estate Fraud Certification*,
- The Mortgage has not been paid off,
- The Borrower has not lost good standing by becoming 90 or more days past due at any time following the HAMP modification, and
- The Servicer has completed all reporting activity, including corrections, in the HAMP Reporting Tool

Servicers must notify each Borrower impacted by the Accelerated Program End Date that to remain eligible for the expanded Borrower “pay for performance” incentive, such Borrower must timely submit an executed Treasury DFC or Form 720 to enable the Servicer to report receipt by the end of the March 2023 reporting cycle if the Borrower has not previously provided one.

Freddie Mac’s requirements to offer the Borrower the opportunity to reamortize the Mortgage in connection with a HAMP Year Six Pay for Performance incentive remain in effect, in accordance with Section 9205.12(d). Accordingly, the Servicer must notify a Borrower who is impacted by the Accelerated Program End Date of the opportunity to reamortize the Mortgage.

The Guide will be updated with a future Bulletin to remove remaining HAMP Sections as a result of the Accelerated Program End Date.

## CUSTODIAL ACCOUNT DOCUMENTATION REQUIREMENTS

Servicers are required under Section 8302.7 to complete, execute and submit letter agreements when establishing a new Custodial Account from which Freddie Mac will be permitted to withdraw funds. Freddie Mac permits Servicers to have Principal and Interest Custodial Accounts, Principal and Interest Disbursement Clearing Custodial Accounts, Escrow Accounts and Buydown Custodial Accounts to be held at Servicer’s own financial institution or at another Eligible Depository as defined in the Guide.

### Custodial Accounts opened at a Servicer’s own financial institution

The required forms as are follows:

- Form 1059SF, *Letter Agreement for Single-Family Principal and Interest, or Principal and Interest Disbursement Clearing Custodial Account*
- Form 1060SF, *Letter Agreement for Single-Family Buydown or Escrow Custodial Account*
- Form 1060CR, *Letter Agreement for Single-Family Custodial Account for Renovation Funds*

### Custodial Accounts opened at another Eligible Depository

The required forms as are follows:

- Form 1057SF, *Letter Agreement for Single-Family Principal and Interest, or Principal and Interest Disbursement Clearing Custodial Account*



- Form 1058SF, *Letter Agreement for Single-Family Buydown or Escrow Custodial Account*
- Form 1058CR, *Letter Agreement for Single-Family Custodial Account for Renovation Funds*

All letter agreements have been updated to require a Servicer to certify that they have opened an account as identified on each form and that they agree to deposit funds into that account. Additionally, the individual that executes any letter agreement will be required to attest that they are authorized to execute on behalf of the Servicer and that they agree an Electronic Record (as defined in Section 1401.2) of the form is valid and enforceable as receipt of a paper Record (as defined in Section 1401.2). Forms 1057SF, 1058SF and 1058CR require an Eligible Depository to certify to certain terms regarding the account opened by a Servicer. Individuals from an Eligible Depository will also be required to attest that they are authorized to execute on behalf of the Eligible Depository and that they agree an Electronic Record of the form is valid and enforceable as receipt of a paper Record. References to a facsimile version have been removed from all letter agreements.

Finally, language in all of the letter agreements has been updated to reflect the form is a Purchase Document as defined in the Guide and that any capitalized terms not defined in the form have the meaning as described in the Guide.

Guide impacts: Forms 1059SF, 1060SF, 1060CR, 1057SF, 1058SF and 1058CR

## **MORTGAGE INSURANCE ON UNSEASONED LOANS**

We have changed how Servicers deliver details of significant improvements to support Borrower requests to cancel mortgage insurance on unseasoned loans. Servicers can now enter the improvements directly in [BPODirect®](#) rather than sending e-mails to Freddie Mac. Servicers are reminded that reported improvements must include the cost, date and specific nature of the improvement and should not include minor cosmetic updates, repairs or maintenance or replacement of appliances, mechanicals, flooring, etc., with like items.

If the Servicer is unable to obtain this information from the Borrower or otherwise believes the information provided does not support a substantial improvement of the Mortgaged Premises (e.g., expenses that maintain the existing property), the Servicer should not order a BPO as the request will not meet the requirements of Chapter 8203.

Guide impact: Section 8203.2

## **INCREASE TO SHORT SALE AND DEED-IN-LIEU RELOCATION ASSISTANCE**

### **Effective April 1, 2023**

At the direction of the FHFA and in alignment with Fannie Mae, we are revising our short sale and deed-in-lieu of foreclosure requirements to increase the Borrower relocation assistance payment from \$3,000 to \$7,500 provided that the Borrower is not required to make a financial contribution toward the deficiency in the case of a short sale and that the Borrower occupies the Mortgaged Premises as his or her Primary Residence. All other short sale and deed-in-lieu requirements remain the same.

Guide impacts: Sections 9208.4, 9208.7, 9209.4, Exhibits 57 and 74

## **ESCROW SHORTAGE FOR COVID-19 AND DISASTER PAYMENT DEFERRALS**

In Bulletin 2021-35, we announced that when evaluating a Borrower for either a COVID-19 or Disaster Payment Deferral, Servicers must perform an Escrow analysis in accordance with the Real Estate Settlement Procedures Act (RESPA) and any applicable federal, State or local law. With this update, we have clarified that for a COVID-19 or Disaster Payment Deferral, the initial Escrow analysis may be an estimate. Upon completion of a COVID-19 or Disaster Payment Deferral, the Servicer must still perform an Escrow analysis in accordance with RESPA and any applicable federal, State or local law.

Guide impact: Section 9203.26



## ADDITIONAL GUIDE UPDATES

### Form 1132A, Authorization for Automatic Transfer of Funds from a Principal and Interest Custodial Account Through the Automated Clearing House (ACH)

We have updated Form 1132A to clarify that new or modified ACH forms for principal and interest accounts must be submitted at least 15 Business Days in advance of the future effective date provided pursuant to Section 8303.3.

We have also removed the special instructions section because Guide form submissions have been standardized.

Guide impact: Form 1132A

### Directory updates

We have updated the Directory and Directory 6 to reflect the new address of the Freddie Mac Dallas location. We have also updated Directory 1 to correct the e-mail address for the submission of custodial account documentation required in Section 8302.7. Finally, we have updated the e-mail address in Directory 1 for questions regarding the copyright of Guide content.

Guide impact: Directory, Directory 1 and Directory 6

### Updates from Bulletin 2022-25

#### ***Florida's Temporary Market Stabilization Arrangement***

On July 27, 2022, the Florida Office of Insurance Regulation (FLOIR) announced its intent to establish a temporary reinsurance arrangement through Florida's Citizens Property Insurance Corporation (Citizens) in the event certain property and casualty carriers doing business in Florida suffered a financial rating downgrade that would place them below Freddie Mac's current rating requirement for insurers, as found in Section 4703.1. On August 2, 2022, in an order directed to Citizens (the "Order"), FLOIR implemented the Temporary Market Stabilization Arrangement (TMSA), which requires Citizens to provide reinsurance to specifically identified insurers in accordance with the terms of the Order.

In response to this announcement and while Freddie Mac evaluates the implications of the TMSA, Servicers may accept renewal insurance policies provided by an insurer that is participating in Florida's TMSA on a temporary basis during the period of time beginning August 2, 2022 and ending on the earlier of May 31, 2023, the date FLOIR terminates the TMSA, or when Freddie Mac provides further guidance rescinding the acceptability of the TMSA. For Mortgages with insurance provided by an insurer participating in the TMSA, Servicers must ensure that the requirements found in Section 4703.1 are met; however, the reinsurer ratings outlined in Section 4703.1(c)(2) are not required during the time period noted above.

This Bulletin announcement does not authorize Sellers to deliver a Mortgage to Freddie Mac with property insurance provided by an insurer that is participating in the TMSA as of the Note Date, nor does it authorize Servicers to accept a new policy provided by an insurer participating in the TMSA. A Servicer may only accept policies from an insurer participating in the TMSA that renew, endorse, update or otherwise alter an *existing* policy issued by the same insurer and meets the minimum coverage, deductible requirements and all other applicable Guide requirements.

If FLOIR extends the TMSA past May 31, 2023, we will reevaluate the program and provide additional guidance.

#### ***Update to System-Specific License for Freddie Mac Loan Advisor®***

As announced in our [September 2, 2022, article](#), the Loan Advisor Correspondent Assignment Center was retired on December 3, 2022. As a result, we are updating the System-Specific License for Freddie Mac Loan Advisor to remove references to the Correspondent Assignment Center.

Guide impact: Section 2402.2

#### ***Requests for information pertaining to Related Third Parties***

To clarify our existing rights to request information pertaining to Related Third Parties, we are updating the Guide to state that, upon request, information pertaining to Related Third Parties must be provided, including but not limited to the:

- Nature of the relationship, and



- Address of the Related Third Party

Guide impact: Section 2101.1

### ***Sharing data and information between Seller/Serviceers and Related Third Parties***

We are expanding the circumstances under which we elicit express consent to the sharing and receipt of data and information among and between Seller/Serviceers and each Related Third Party by adding an express consent provision to the Master Systems License (as defined in Section 2401.1(b)). As we continue to add new and modify existing technology offerings, some of which entail sharing of data and information between entities as reflected in their Documentation (as defined in Section 2401.1(b)) and functionality, we are moving away from using System-Specific Licenses (as defined in Section 2401.1(b)) as the means by which we secure express consent to this sharing by and through our Systems (as defined in Section 2401.1(b)), in favor of this alternative approach. This new approach, prompted by the retirement of the Correspondent Assignment Center and our deletion of the associated System-Specific License (which included an express consent provision), means there will be no System-Specific License for the Loan Advisor Data Share application programming interface we are making available as the alternative to the Correspondent Assignment Center.

Guide impact: Section 2401.1

## **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 2022-26 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2022-26>.

## **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,

Bill Maguire

Vice President, Servicing Portfolio Management