

Bulletin

TO: Freddie Mac Servicers

March 29, 2023 | 2023-8

SUBJECT: SERVICING UPDATES

Effective in Resolve® October 1, 2023, but Servicers are encouraged to begin implementation using Resolve as early as July 1, 2023. Workout Prospector® will not be updated with these changes.

In response to industry feedback and in consideration of lessons learned from the COVID-19 pandemic, we are announcing an expansion of the Freddie Mac Payment Deferral that will, along with other updates, increase eligibility to include Borrowers who are between 60- and 180-days delinquent. We are implementing these changes jointly with Fannie Mae and at the direction of the FHFA. In addition, we are updating the Disaster Payment Deferral and introducing new outreach requirements to inform Borrowers when their non-interest bearing UPB will become due soon (e.g., if a non-interest bearing UPB was created due to a previous Payment Deferral or loan modification).

This Guide Bulletin announces:

Updates to the Payment Deferral

- Delinquency
- Determining the terms
- Escrow analysis
- Completing the Payment Deferral
- Eligibility exclusions
- Solicitation

Updates to the Disaster Payment Deferral

- Completing the Disaster Payment Deferral
- Eligibility exclusions
- Solicitation

Low interest-bearing UPB loans with non-interest bearing UPB

- Outreach requirements

GUIDE UPDATES

Freddie Mac will publish updated Payment Deferral Agreement templates along with additional Guide updates in a future Bulletin.



FREDDIE MAC PAYMENT DEFERRAL

We are announcing the following changes to the Payment Deferral. All other Payment Deferral requirements remain unchanged.

Delinquency	As of the evaluation date, the Mortgage must be at least 60 days delinquent but less than or equal to 180 days delinquent.
Determining the terms	<p>The Servicer must defer the following amounts as a non-interest bearing balance, due and payable on the earlier of the Mortgage maturity date, the Mortgage payoff date (e.g., refinance or payoff of the interest-bearing UPB), or sale or transfer of the Mortgaged Premises:</p> <ul style="list-style-type: none"> • At least 2 months and up to 6 months of past-due principal and interest (P&I) payments (subject to a cap of 12 cumulative deferred past due P&I payments) • Other expenses or amounts that are permitted to be capitalized under the Freddie Mac Flex Modification[®] capitalization rules in Guide Section 9206.15(b) <p>All other terms of the Mortgage must remain unchanged. Any existing non-interest bearing balance on the Mortgage remains due and payable at maturity of the Mortgage or earlier upon the sale or transfer of the property, refinance of the Mortgage or payoff of the interest-bearing UPB.</p> <p>Note: Any deferred P&I payments from a previous COVID-19 or Disaster Payment Deferral do not count against the cumulative cap referenced above.</p>
Escrow analysis	<p>Prior to or during the Servicer’s determination of the Borrower’s eligibility for a Payment Deferral, the Servicer must analyze the Borrower’s Escrow estimate to determine if there is an Escrow shortage. If the Servicer completed an estimated analysis during evaluation, the Servicer must perform a new Escrow analysis in accordance with the Real Estate Settlement Procedures Act (RESPA) and any applicable federal, State or local law upon completion of the Payment Deferral.</p> <p>If the estimated Escrow analysis determines that there may be an Escrow shortage, the Servicer must disclose the estimated shortage amount to the Borrower before the Borrower accepts the Payment Deferral. If the Borrower is unable to pay the estimated Escrow shortage as a lump sum, then the acceptance of the Payment Deferral is contingent upon the Borrower’s ability to pay the estimated Escrow shortage as part of the monthly principal, interest, taxes and insurance (PITI) payment.</p> <p>For a Borrower making monthly PITI payments, the Servicer must:</p> <ul style="list-style-type: none"> • Spread the repayment of the Escrow shortage amount in equal monthly payments over a period of 60 months, unless the Borrower chooses to pay off the shortage over a shorter period of time, not to be less than 12 months • Consider remaining unpaid Escrow shortage amounts in subsequent Escrow analyses to ensure that the Borrower is able to continue all Escrow shortage payments over the remaining portion of either the current remaining Escrow shortage repayment period, or a period up to 60 months. The Servicer may not accelerate or compress the remaining Escrow shortage amount into a new Escrow payment or a shorter repayment period as a result of a future Escrow analysis. <p>If the Borrower is unable to afford a Payment Deferral based on the estimated increase to monthly payments resulting from an estimated Escrow shortage repayment, the Servicer must evaluate the Borrower for a Flex Modification.</p> <p>To complete a Payment Deferral, the Servicer must perform an actual Escrow analysis in accordance with the RESPA and any applicable federal, State or local law upon completion of the Payment Deferral and, if applicable, establish a repayment plan in</p>



	<p>accordance with the above requirements. Any Escrow account shortage that is identified at the time of the Payment Deferral must not be capitalized, and the Servicer is not required to fund any existing Escrow account shortage.</p> <p>The Servicer is not required to revoke a previous waiver of Escrow, if applicable.</p>
<p>Eligibility exclusions</p>	<p>We are amending the following eligibility exclusions:</p> <ul style="list-style-type: none"> Updating the eligibility exclusions in Section 9203.21 to remove forbearance as an exclusion for approving a Payment Deferral. (See active forbearance exclusion for related updates to other loss mitigation solutions) Eliminating the requirement that the Mortgage must not have received a prior Payment Deferral <p>In addition to the existing exclusions in Section 9203.21, Mortgages and Borrowers will be ineligible for a Payment Deferral if:</p> <ul style="list-style-type: none"> The Payment Deferral would result in a cumulative total of more than 12 months of deferred P&I payments, including payments deferred as a result of previous Payment Deferrals <p>Note: These provisions do not apply to previous COVID-19 or Disaster Payment Deferrals, nor to amounts deferred as a result of a previous Flex Modification or other loan modification.</p> <ul style="list-style-type: none"> The Mortgage received a previous Payment Deferral with an effective date within 12 months of the evaluation date <p>Note: This provision does not apply to prior COVID-19 or Disaster Payment Deferrals.</p> <ul style="list-style-type: none"> The Mortgage maturity date is within 36 months of the evaluation date The projected Mortgage payoff date based on payments due under the existing amortization schedule is within 36 months of the evaluation date <p>Note: If the Mortgage is within 36 months of its maturity date or projected payoff date but the Servicer determines based on the Borrower’s individual circumstances that the Borrower should be considered for a Payment Deferral, the Servicer may transmit an exception review request to Freddie Mac.</p>

Completing the Payment Deferral

The Servicer must complete the Payment Deferral in the same month it determines the Borrower is eligible. If the Servicer is unable to complete the Payment Deferral within the same month of its determination, the Servicer may use an additional month to allow for sufficient processing time to complete the Payment Deferral in accordance with the “processing month” requirements below.

If the Servicer is unable to complete (i.e., submit the case via Freddie Mac’s servicing system) the Payment Deferral before the 15th day of the evaluation month, then the Servicer is authorized to use an additional month to allow for sufficient processing time (a processing month) to complete a Payment Deferral. The Servicer must treat all Borrowers equally in applying the processing month, as evidenced by a written policy.

The Borrower must make a complete monthly contractual payment during the processing month if, as of the evaluation date:

- The Mortgage is 6 months delinquent, or
- The Payment Deferral would cause the Mortgage to exceed 12 months of cumulative deferred past-due P&I payments. In this circumstance, the Servicer must complete the Payment Deferral within the processing month after receipt of the Borrower’s full monthly contractual payment due during that month.



Section 9203.23 describes all requirements for processing a Payment Deferral Agreement. The table below provides key criteria, including updates to previous guidance:

Maintaining lien status	The Servicer's application of a Payment Deferral to the Mortgage must not impair Freddie Mac's First Lien position or enforceability against the Borrower(s) in accordance with its terms.
Document Custodian	<ul style="list-style-type: none"> • If the Payment Deferral agreement is not required to be signed by the Borrower, then the Servicer must send a copy of the Servicer signed Payment Deferral agreement to the Document Custodian within 25 days of the effective date of the Payment Deferral. • If the Payment Deferral agreement is to be recorded, the Servicer must: <ul style="list-style-type: none"> ➤ Send a certified copy of the fully executed Payment Deferral agreement to the Document Custodian within 25 days of the effective date of the Payment Deferral, and ➤ Send the original Payment Deferral agreement that is returned from the recorder's office to the Document Custodian within five Business Days of receipt • If the Payment Deferral agreement is to be signed by the Borrower but not recorded, the Servicer must send the fully executed original Payment Deferral agreement to the Document Custodian within 25 days of the effective date of the Payment Deferral
Title endorsement	Not required

Solicitation requirements

We are introducing new solicitation requirements to provide a more seamless transition between options when a Borrower exits a forbearance without establishing a solution to the Delinquency or when a Borrower is ineligible for or unsuccessful in attempting certain loss mitigation options, including:

- Post-forbearance plan solicitations – Payment Deferral
- Post-forbearance plan solicitations – Flex Modification
- Failed repayment plan solicitations – Payment Deferral
- Failed repayment plan solicitations – Flex Modification
- Failed Payment Deferral solicitations – Flex Modification

Post-forbearance plan solicitations – Payment Deferral	
If:	Then:
The Borrower's forbearance plan ends and the Servicer is unable to establish quality right party contact to evaluate for a post-forbearance solution to the Delinquency	The Servicer must evaluate the Borrower for a proactive offer for a Payment Deferral in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Payment Deferral by the 15 th day following expiration of the forbearance plan.
Eligibility	
The Borrower must meet the Payment Deferral eligibility requirements in Guide Chapter 9203 and this Bulletin. However: <ul style="list-style-type: none"> • The Servicer is not required to have established quality right party contact as described in Section 9203.20, and 	



- The Servicer is not required to confirm that the Borrower meets the Borrower eligibility requirements described in Section 9203.20(a)

Solicitation Requirements

The Servicer must solicit the Borrower using the applicable Payment Deferral Solicitation Cover Letter with the Payment Deferral agreement or its equivalent, making appropriate changes to comply with applicable law. While use of the Payment Deferral Solicitation Cover Letter and Payment Deferral agreement is optional, it reflects the minimum level of information that the Servicer must communicate and illustrates a level of specificity that complies with the requirements of the Guide.

The Servicer must include instructions on how to accept the offer in the Payment Deferral agreement. The Servicer is authorized to consider the following as acceptance by the Borrower, subject to applicable law:

- The Borrower contacting the Servicer directly in accordance with an acceptable outreach and communication method
- The Borrower returning an executed Payment Deferral agreement
- Any other method evidencing the Borrower’s acceptance as determined by the Servicer

The Borrower must make the full monthly contractual payment during the month of solicitation and/or during the processing month if as of the date of evaluation:

- The Mortgage is 6 months delinquent or,
- The Payment Deferral would cause the Mortgage to exceed 12 months of cumulative deferred past-due P&I payments

In these circumstances, the Servicer must complete the Payment Deferral within the month of the solicitation after receipt of the Borrower’s full monthly contractual payment due during that month.

Post-forbearance plan solicitations – Flex Modification

If:	Then:
<ul style="list-style-type: none"> • The Borrower's forbearance plan ends, and • The Servicer has not established quality right party contact to evaluate for a post-forbearance solution to the Delinquency, and • The Borrower is ineligible for a proactive offer for a Payment Deferral 	<p>The Servicer must evaluate the Borrower for a proactive offer for a Flex Modification, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Flex Modification by the 15th day of the month following the expiration of the forbearance plan.</p>
<ul style="list-style-type: none"> • The Borrowers forbearance plan ends, and • The Servicer has not established quality right party contact to evaluate for a post-forbearance solution to the Delinquency, and • The Borrower was eligible for a proactive offer for a Payment Deferral but did not accept the offer by the acceptance date provided on the Payment Deferral Agreement 	<p>The Servicer must evaluate the Borrower for a proactive offer for a Flex Modification, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Flex Modification by the 15th day following the expiration of the Payment Deferral offer.</p>

Eligibility

The Servicer must evaluate the Borrower for a proactive offer for a Flex Modification in accordance with the requirements of Section 9206.5(c).



Solicitation

The Servicer must send the Borrower the applicable Freddie Mac Flex Modification Solicitation Cover Letter and the Guide Exhibit 93, *Evaluation Notices*, template for the Flex Modification Trial Period Plan Solicitation Offer – Not Based on an Evaluation of a BRP evaluation notice, or its equivalent, and make appropriate changes to these documents, including the applicable Frequently Asked Questions within Exhibit 93 and as needed to comply with applicable law.

Failed repayment plan solicitations – Payment Deferral

If:	Then:
The Borrower accepts an offer for a repayment plan but does not make the total monthly repayment plan payment by the end of the month in which it is due (“fails a repayment plan”), and the Servicer is unable to establish quality right party contact.	The Servicer must evaluate the Borrower for a proactive offer for a Payment Deferral, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Payment Deferral by the 15 th day of the following month (i.e., the 15 th day of the month following the month Borrower fails a repayment plan).

Eligibility

The Borrower must meet the Payment Deferral eligibility requirements in Chapter 9203 and this Bulletin. However:

- The Servicer is not required to have established quality right party contact, as described in Section 9203.20, and
- The Servicer is not required to confirm that the Borrower meets the Borrower eligibility requirements described in Section 9203.20(a)

Solicitation Requirements

The Servicer must solicit the Borrower using the applicable Payment Deferral Solicitation Cover Letter with the Payment Deferral agreement or its equivalent, making appropriate changes to comply with applicable law. While use of the Payment Deferral Solicitation Cover Letter and Payment Deferral agreement is optional, it reflects the minimum level of information that the Servicer must communicate and illustrates a level of specificity that complies with the requirements of the Guide.

The Servicer must include instructions on how to accept the offer in the Payment Deferral agreement. The Servicer is authorized to consider the following as acceptance by the Borrower, subject to applicable law:

- The Borrower contacting the Servicer directly in accordance with an acceptable outreach and communication method,
- The Borrower returning an executed Payment Deferral agreement, or
- Any other method evidencing the Borrower’s acceptance as determined by the Servicer

The Borrower must make their full monthly contractual payment during the month of solicitation and/or during the processing month if, as of the date of evaluation:

- The Mortgage is 6 months delinquent, or
- The Payment Deferral would cause the Mortgage to exceed 12 months of cumulative deferred past-due P&I payments

In these circumstances, the Servicer must complete the Payment Deferral within the month of the solicitation after receipt of the Borrower’s full monthly contractual payment due during that month.



Failed repayment plan solicitations – Flex Modification	
If:	Then:
<ul style="list-style-type: none"> The Borrower fails a repayment plan, and The Servicer has not established quality right party contact, and The Borrower is ineligible for a proactive offer for a Payment Deferral 	The Servicer must evaluate the Borrower for a proactive offer for a Flex Modification, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Flex Modification by the 15 th day of the following month.
<ul style="list-style-type: none"> The Borrower fails a repayment plan, and The Servicer has not established quality right party contact, and The Borrower was eligible for a proactive offer for a Payment Deferral, but did not accept the offer by the acceptance date provided in the Payment Deferral Agreement 	The Servicer must evaluate the Borrower for a proactive offer for a Flex Modification, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Flex Modification by the 15 th day following the expiration of the Payment Deferral offer.
Eligibility	
The Servicer must evaluate the Borrower for eligibility for a proactive offer for a Flex Modification in accordance with the requirements of Section 9206.5(c).	
Solicitation	
The Servicer must send the Borrower the applicable Freddie Mac Flex Modification Solicitation Cover Letter and the Exhibit 93 template for the Flex Modification Trial Period Plan Solicitation Offer – Not Based on an Evaluation of a BRP evaluation notice or its equivalent and make appropriate changes to these documents including the applicable Frequently Asked Questions within Exhibit 93 and as needed to comply with applicable law.	

Failed Payment Deferral solicitations – Flex Modification	
If:	Then:
<p>The Borrower has accepted a Payment Deferral and:</p> <ul style="list-style-type: none"> Subsequently becomes 60 days delinquent within 6 months of the Payment Deferral effective date, and The Servicer is unable to establish quality right party contact 	The Servicer must evaluate the Borrower for a proactive offer for a Flex Modification, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Flex Modification by the 75 th day of Delinquency.
Eligibility	
The Servicer must evaluate the Borrower for eligibility for a proactive offer for a Flex Modification in accordance with the requirements of Section 9206.5(c) except when the Mortgage is not required to be 90 days or more delinquent.	
Solicitation	
The Servicer must send the Borrower the applicable Freddie Mac Flex Modification Solicitation Cover Letter and the Exhibit 93 template for the Flex Modification Trial Period Plan Solicitation Offer – Not Based on an Evaluation of a	



BRP evaluation notice or its equivalent and make appropriate changes to these documents including the applicable Frequently Asked Questions within Exhibit 93 and as needed to comply with applicable law.

FREDDIE MAC DISASTER PAYMENT DEFERRAL

We are announcing the following changes to the Disaster Payment Deferral. All other Disaster Payment Deferral requirements remain unchanged.

<p>Eligibility exclusions</p>	<p>We are updating the eligibility exclusions in Section 9203.26 to remove forbearance as an exclusion for approving a Disaster Payment Deferral. (See active forbearance exclusion for related changes to other loss mitigation solutions.)</p> <p>We are also adding the eligibility exclusions below. In addition to the existing exclusions in Section 9203.26, the following Mortgages and Borrowers are ineligible for a Payment Deferral if:</p> <ul style="list-style-type: none"> • The Mortgage maturity date is within 36 months of the evaluation date • The projected Mortgage payoff date based on payments due under the existing amortization schedule is within 36 months of the evaluation date <p>Note: If the Mortgage is within 36 months of its maturity date or projected payoff date, but the Servicer determines based on the Borrower’s individual circumstances that the Borrower should be considered for a Payment Deferral, the Servicer may transmit an exception review request to Freddie Mac.</p>
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Completing the Disaster Payment Deferral

The Servicer must complete the Disaster Payment Deferral in the same month it determines the Borrower is eligible. If the Servicer is unable to complete the Disaster Payment Deferral within the same month of its determination, the Servicer may use an additional month to allow for sufficient processing time (processing month) to complete the Payment Deferral in accordance with the “processing month” requirements below.

If the Servicer is unable to complete (i.e., submit the case via Freddie Mac’s servicing system) the Disaster Payment Deferral before the 15th day of the evaluation month, then the Servicer is authorized to use an additional month to allow for sufficient processing time (a processing month) to complete a Disaster Payment Deferral. The Servicer must treat all Borrowers equally in applying the processing month, as evidenced by a written policy.

The Borrower must make a complete monthly contractual payment during the processing month if, as of the date of evaluation the Mortgage is 12 months delinquent. In this circumstance, the Servicer must complete the Disaster Payment Deferral within the processing month after the receipt of the Borrower’s full monthly contractual payment due during that month.

Section 9203.26 will describe all requirements for processing a Payment Deferral Agreement, including the requirements for recordation, title endorsement and Document Custodian. The table below provides some of the key criteria:

<p>Maintaining lien status</p>	<p>The Servicer’s application of a Payment Deferral to the Mortgage must not impair Freddie Mac’s First Lien position or enforceability against the Borrower(s) in accordance with its terms.</p>
<p>Document Custodian</p>	<ul style="list-style-type: none"> • If the Payment Deferral Agreement is not required to be signed by the Borrower, then the Servicer must send a copy of the Servicer signed Payment Deferral Agreement to the Document Custodian within 25 days of the effective date of the Payment Deferral. • If the Payment Deferral Agreement is to be recorded, the Servicer must: <ul style="list-style-type: none"> ➢ Send a certified copy of the fully executed Payment Deferral Agreement to the Document Custodian within 25 days of the effective date of the Payment Deferral, and



	<ul style="list-style-type: none"> ➤ Send the original Payment Deferral Agreement that is returned from the recorder’s office to the Document Custodian within five Business Days of receipt • If the Payment Deferral Agreement is to be signed by the Borrower but not recorded, then the Servicer must send the fully executed original Payment Deferral Agreement to the Document Custodian within 25 days of the effective date of the Payment Deferral
Title endorsement	Not required

Solicitation requirements

We are also introducing new solicitation requirements for Disaster Payment Deferrals and disaster Flex Modifications to provide a more seamless transition between options when a Borrower is ineligible for or unsuccessful in attempting certain loss mitigation options, including:

- Failed repayment plan solicitations – Disaster Payment Deferral
- Failed repayment plan solicitations – disaster Flex Modification

Failed repayment plan solicitations – Disaster Payment Deferral	
If:	Then:
<p>The Borrower had an Eligible Disaster hardship and accepts an offer for a repayment plan but fails a repayment plan, and the Servicer is unable to establish quality right party contact.</p>	<p>The Servicer must evaluate the Borrower for a proactive offer for a Disaster Payment Deferral, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Payment Deferral by the 15th day of the following month.</p>
Eligibility	
<p>The Borrower must be eligible for a Payment Deferral in accordance with the requirements of Chapter 9203. However:</p> <ul style="list-style-type: none"> • The Servicer is not required to have established quality right party contact, as described in Section 9203.26(a), and • The Servicer is not required to confirm that the Borrower meets the Borrower eligibility requirements described in Section 9203.26(a)(i) 	
Solicitation Requirements	
<p>The Servicer must solicit the Borrower using the applicable Payment Deferral Solicitation Cover Letter with the Payment Deferral agreement or its equivalent, making any appropriate changes to comply with applicable law. While use of the Payment Deferral Solicitation Cover Letter and Payment Deferral agreement is optional, it reflects the minimum level of information that the Servicer must communicate and illustrates a level of specificity that complies with the requirements of the Guide.</p> <p>The Servicer must include instructions on how to accept the offer in the Payment Deferral agreement. The Servicer is authorized to consider the following as acceptance by the Borrower, subject to applicable law:</p> <ul style="list-style-type: none"> • The Borrower contacting the Servicer directly in accordance with an acceptable outreach and communication method, • The Borrower returning an executed Payment Deferral agreement, or • Any other method evidencing the Borrower’s acceptance as determined by the Servicer <p>The Borrower must make their full monthly contractual payment during the month of solicitation and/or the processing month if, as of the date of evaluation:</p>	



- The Mortgage is 6 months delinquent, or
- The Payment Deferral would cause the Mortgage to exceed 12 months of cumulative deferred past-due P&I payments

In these circumstances, the Servicer must complete the Payment Deferral within the month of the solicitation after receipt of the Borrower’s full monthly contractual payment due during that month.

Failed repayment plan solicitations – disaster Flex Modification

If:	Then:
<ul style="list-style-type: none"> • The Borrower had an Eligible Disaster hardship, and • The Borrower fails a repayment plan, and • The Servicer has not established quality right party contact, and • The Borrower is ineligible for a proactive offer for a Disaster Payment Deferral 	<p>The Servicer must evaluate the Borrower for a proactive offer for a Flex Modification, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Flex Modification by the 15th day of the following month.</p>
<ul style="list-style-type: none"> • The Borrower had an Eligible Disaster hardship, and • The Borrower fails a repayment plan, and • The Servicer has not established quality right party contact, and • The Borrower was eligible for a proactive offer for a Payment Deferral, but did not accept the offer by the acceptance date provided in the Payment Deferral Agreement 	<p>The Servicer must evaluate the Borrower for a proactive offer for a Flex Modification, in accordance with the eligibility criteria described below. If eligible, the Servicer must send the Borrower a proactive offer for a Flex Modification by the 15th day following the expiration of the Payment Deferral offer.</p>

Eligibility

The Servicer must evaluate the Borrower for eligibility for a proactive offer for a Flex Modification in accordance with the special requirements for Borrowers impacted by an Eligible Disaster, as described in Section 9206.5(e).

Solicitation

The Servicer must send the Borrower the applicable Freddie Mac Flex Modification Solicitation Cover Letter and the Exhibit 93 template for the Flex Modification Trial Period Plan Solicitation Offer – Not Based on an Evaluation of a BRP evaluation notice, or its equivalent, and make appropriate changes to these documents, including the applicable Frequently Asked Questions and as needed to comply with applicable law.

LOW INTEREST-BEARING BALANCE LOANS WITH NON-INTEREST BEARING UPB

In response to Servicer feedback, we are announcing new outreach requirements for Mortgages that have a low interest-bearing UPB and an outstanding non-interest bearing UPB and are either approaching their Mortgage maturity date or projected payoff date of the interest-bearing UPB (“projected payoff date”). We will be adding these requirements to the Guide in a future Bulletin.

When Borrowers receive a modification or a Payment Deferral, certain amounts (such as delinquent P&I) may be placed into a non-interest bearing UPB that becomes due and payable upon the earliest of the Mortgage maturity date, payoff of the interest-bearing balance, or sale or transfer of the Mortgaged Premises. The new outreach requirements described below will provide flexibility for Servicers and Borrowers to proactively address the outstanding non-interest bearing UPB that will become due soon because of an approaching maturity date or an approaching projected payoff date.



As early as 180 days, but no later than 150 days before the Mortgage maturity date or the projected payoff date, the Servicer must take the following actions:

- Provide written notice to the Borrower informing the Borrower that the non-interest bearing UPB will become due and provide both the projected payoff date and the amount of the non-interest bearing UPB
- Upon establishing contact with the Borrower, discuss with the Borrower that the non-interest bearing UPB will become due on the projected payoff date or pending Mortgage maturity date and determine, based on communication with the Borrower, whether they are able to pay the non-interest bearing UPB on the maturity date or projected payoff date
- Send an exception review request to Freddie Mac, if the Servicer determines that the Borrower is unable to pay the amount due

As early as 75 days and no later than 60 days before the Mortgage maturity date or projected payoff date of the interest-bearing UPB, the Servicer must take the following actions:

- If the Servicer has not established contact with the Borrower, send an additional notice to the Borrower. Upon establishing contact with the Borrower, discuss with the Borrower that the outstanding non-interest bearing UPB will become due on the projected payoff date or pending Mortgage maturity date and determine based on communication with the Borrower whether they are able to pay the non-interest bearing UPB on the maturity date or projected payoff date
- Send an exception review request to Freddie Mac, if the Servicer determines that the Borrower is unable to pay the amount due

After the initial solicitation, but no earlier than 180 days before the maturity date or the projected payoff date, the Servicer may send additional notices at its discretion leading up to the maturity date or project payoff date.

ACTIVE FORBEARANCE EXCLUSION

Because a Borrower may be performing on an active forbearance plan while being evaluated for a permanent loss mitigation solution, we are removing the exclusion related to an active forbearance from the evaluation criteria for the Payment Deferral, the Disaster Payment Deferral, the COVID-19 Payment Deferral and the Flex Modification.

Sections 9203.21, 9203.26, 9206.5 and 9206.6 will be updated to reflect this change.

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