

Bulletin

TO: Freddie Mac Servicers

November 13, 2019 | 2019-23

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

Freddie Mac Servicing Gateway

- Information for accessing [Servicing Gateway](#) – **December 9, 2019**

Resale restrictions and right of first refusal

- Guidance for Servicers when Servicing Mortgages secured by properties subject to [resale restrictions](#) or regarding any right of first refusal – **March 1, 2020**

Reimbursement of legal fees and costs

- Updates to our requirements for the reimbursement of [legal fees and costs](#) – **January 1, 2020**

Flood insurance

- Clarifications of the requirements for continuous monitoring of [flood insurance policies and flood zones](#)

Additional Guide updates and reminders

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

EFFECTIVE DATE

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

FREDDIE MAC SERVICING GATEWAY

Effective December 9, 2019

In Bulletins 2019-19 and 2019-21, we announced that, beginning December 9, 2019, Servicing Gateway will provide Servicers with a unified portal to serve as one platform, one login and one doorway to most of our Servicing Tools (applications).

Access for current Servicing Tool users

No action is required for users who currently access the Servicing Tools that will be available in Servicing Gateway. On December 9, 2019, users can reach the Servicing Gateway single sign-on portal via <https://sg.freddiemac.com>. Users will be able to use their existing Freddie Mac user ID and password to log into the Servicing Gateway portal.

For an interim period, the legacy Servicing URLs will redirect users to the Servicing Gateway. However, to ensure ease of access to Freddie Mac Servicing Tools, we encourage users to update their bookmarks with the Servicing Gateway URL: <https://sg.freddiemac.com>.

Access for new users

New users do not need to request access to the Servicing Gateway portal. Instead, they will need to request access to individual Servicing Tools as outlined below:

- A Servicer's [Freddie Mac Access Manager](#) Administrator may provide access to authorized users for the following Servicing Tools:

- | | |
|-------------------------------|--------------------------------------|
| ➤ Cash Manager* | ➤ Post-Fund Data Corrections |
| ➤ EDR* | ➤ Real Estate Valuation and Pricing* |
| ➤ Foreclosure Sale Reporting* | ➤ Servicing Data Corrections |
| ➤ Loan Level Reporting* | ➤ Servicing Transfer Manager* |

*Servicers that do not use Access Manager must request access to these Servicing Tools by completing the [Servicing Tools Request Form](#). Freddie Mac will respond to a Servicer's request for access within two Business Days.

- For Servicers that do not use Access Manager, there are no changes to the access management requirements for the following additional Servicing Tools available through Servicing Gateway:
 - Post-Fund Data Corrections: complete and submit [Form 907, Post-Fund Data Corrections Tool Authorized User Role Form](#)
 - Servicing Data Corrections: complete and submit the [Servicing Data Corrections Request Form](#)
 - Workout Prospector[®]: complete and submit the [Workout Prospector Order Form](#)
 - Freddie Mac Reimbursement System: submit Guide Form 1200, Reimbursement System User Setup Form
 - Default Fee Appeal System: submit Form 903, Freddie Mac Default Fee Appeal System Authorized User Roles Form, or Form 903A, Addendum to Freddie Mac Default Fee Appeal System Authorized User Roles Form
 - BPOdirect[®]: see Guide Section 2406.4
 - Attorney Data Reporting System: see Section 9501.10
 - Servicer Performance Profile: complete and submit the [Servicing Technology Tools Sign-up Form](#)

Guide impact: [Guide Exhibit 88](#)

Additional information and training

Training is currently available. Register for the [Entering the Servicing Gateway: Access Your Servicing Tools](#) webinar to learn all about the new Servicing Gateway.

Additional information about Servicing Gateway, such as frequently asked questions, is available on the [Servicing Gateway web page](#).

RESALE RESTRICTIONS AND RIGHT OF FIRST REFUSAL

Effective March 1, 2020

Servicing Mortgages secured by properties subject to resale restrictions

Freddie Mac purchases Mortgages secured by properties subject to resale restrictions including, but not limited to, income-based restrictions. Such resale restrictions either:

- Survive conveyance of the subject property following foreclosure or recordation of a deed-in-lieu of foreclosure; or
- Terminate upon foreclosure (or expiration of any applicable redemption period) or recordation of a deed-in-lieu of foreclosure

In Bulletin 2019-22, Freddie Mac updated Chapter 4406 to provide additional guidance and new requirements for Mortgages secured by properties subject to income-based resale restrictions, including specifying that subsidy providers may be entitled to obtain "excess proceeds" in certain instances. We are creating new Section 8104.9 to support these updates and to provide guidance for Servicers regarding Servicing requirements applicable to Mortgages secured by properties subject to resale restrictions.

Guide impacts: Sections 8104.9 (new), 8701.1, 9202.16, 9202.17, 9208.2, 9208.5, 9301.31, 9301.32 and 9301.34

Right of first refusal

We are creating new Section 8104.10 to provide guidance for Servicers regarding any right of first refusal, which may include the right to:

- Provide a substitute purchaser
- Have the first option to purchase a property
- Approve a purchaser

Servicers are reminded that, in certain circumstances, they may be required to provide notice to the required parties allowing the timely exercise of certain rights available to a holder (or its designee) and its successors or assigns (the “option holder”) of any right of first refusal.

Guide impact: Section 8104.10 (new)

REIMBURSEMENT OF LEGAL FEES AND COSTS

Effective for all reimbursement claims submitted in the Reimbursement System on and after January 1, 2020

State-imposed mediation

We are removing the requirement that the Servicer receive prior written approval from Freddie Mac for reimbursement of pre-foreclosure mediation attorney fees and additional hearings and court costs amounts for mediations where pre-foreclosure is required by State or local law. We are also adding expense limits for these fees and costs to Exhibit 57A, *Approved Attorney Fees and Title Expenses*.

Guide impacts: Section 9701.11, Exhibits 57A and 74

Other legal fees

We are establishing maximum reimbursement limits for the following existing expense codes and removing the requirement that Servicers must submit the written request for pre-approval (RPA) in the Reimbursement System:

- Permitting Servicer reimbursement for expense code 043006 (Guardian Ad Litem) up to \$350
- Permitting Servicer reimbursement for expense code 014007 (Status/Conciliation/Case Management Conference) up to \$350 for the State of Florida and up to \$250 for other States in which this process is applicable

As a reminder, Servicers must ensure that the legal fees and costs incurred are reasonable and customary for the area in which the property is located. If amounts exceed current expense limits in Exhibit 57A, Servicers must request Freddie Mac’s approval prior to incurring the expense.

Guide impacts: Exhibits 57A and 74

FLOOD INSURANCE CONTINUOUS MONITORING

We are updating the Guide to highlight that Servicers must have policies, procedures and controls in place to meet the requirements for continuous monitoring of the flood insurance policy and the flood zone of a property securing a Mortgage owned by Freddie Mac.

A flood zone determination must be completed for each property securing a Mortgage sold to Freddie Mac. If the determination identifies the property as located in a special flood hazard area, the Servicer must ensure that a flood insurance policy was obtained at origination and must ensure adequate coverage is maintained throughout the life of the Mortgage. The Servicer must also have processes in place to identify any flood map changes and determine which Mortgaged Premises are required to have flood insurance based on the updated map.

Guide impacts: Sections 8202.3 and 8202.10

ADDITIONAL GUIDE UPDATES AND REMINDERS

Investor reporting requirements

Loan simulations

We are updating the Guide to clarify our operational procedures for Servicers that do not report a loan-level transaction or do not clear all edits on reported loan-level transactions on a monthly basis for all Mortgages it services for Freddie Mac. If a Servicer does not report a loan-level transaction or does not clear all edits by the end of the Accounting Cycle, Freddie Mac will simulate a loan-level transaction and account for each unreported Mortgage as delinquent based on the last reported DDLPI. Additionally, Servicers may be subject to a compensatory fee as set forth in Section 8303.39.

Guide impact: Section 8303.3

Updates to Forms 1061, Certificate of Incumbency and Authority to Draft Against Custodial Accounts, and 1062, Sight Draft

To be consistent with the Investor Reporting Change Initiative implemented May 1, 2019, we are updating Guide Forms 1061 and 1062, which are related to the Servicer's Eligible Depository honoring Freddie Mac's sight drafts that it may present at any time against the Servicer's Custodial Account and/or related Time Deposit that the Servicer maintains.

Guide impacts: Forms 1061 and 1062

Updates to Exhibit 33, *Acknowledgment Agreement Incorporated Provisions*

We are updating Exhibit 33 to add the release forms that may be required in connection with financing transactions involving Servicing Contract Rights. Adding the release forms to Exhibit 33 will make them readily available to both Servicers and lenders and will provide greater transparency regarding Freddie Mac's requirements.

We have also added a contractual provision regarding the Power of Attorney form required for purposes of Exhibit 33.

Guide impacts: Section 1101.2 and Exhibit 33

Lead-based paint reporting requirements

We are updating the Guide to remove specific procedures that require Servicers to proactively identify certain information related to lead-based paint or health code citations or violations on tenant-occupied properties built before 1978 in order to proceed with referral to foreclosure or a deed-in-lieu of foreclosure. Servicers must now report such issues to Freddie Mac only if they are or become aware of outstanding lead-based paint or health code citations or violations on these property types.

Guide impacts: Sections 9202.7, 9301.8 and 9301.26

Deed-in-lieu of foreclosure inspection requirements

We are updating the Guide requirements for closing a Freddie Mac Standard Deed-in-Lieu of Foreclosure to remove the requirement that the Servicer secure the property at the time of possession and take all necessary actions to protect the property from waste, damage and vandalism. We are making this change to align with guidance provided in Bulletin 2019-12.

Guide impact: Section 9209.8

MI delegation of authority for modifications

We have updated our list of mortgage insurance delegations related to loss mitigation activity to include delegation agreements for Mortgage modifications where the Servicer no longer needs to receive prior approval from the insurer before approving the Mortgage modification. This list can be found at <https://sf.freddiemac.com/general/delegated-mortgage-insurance-companies>.

Guide impact: Section 9206.5

Updates to Forms 1065, Report of IRS Form 1099-A and Form 1099-C Filing, and 1065A, Report of IRS Form 1099-A and Form 1099-C Filing for a Senior Subordinate Trust

Freddie Mac Forms 1065 and 1065A are being updated with the following changes:

- Servicers are now required to provide their 5-character IRS Transmitter Control Code on Forms 1065 and 1065A
- The definition of “Fair Market Value” for the purpose of completing IRS Forms 1099-A and 1099-C has been expanded to include valuations in addition to the foreclosure bid price
- Freddie Mac’s mailing address has been updated

Guide impacts: Form 1065 and 1065A

Taxpayer First Act of 2019

Please read our notice (<https://sf.freddiemac.com/articles/news/taxpayer-first-act-and-use-of-tax-return-information>) reminding clients about a provision in the Taxpayer First Act effective December 28, 2019, that requires persons receiving tax return information to obtain express taxpayer consent to share that information.

Compliance with State privacy and consumer protection laws

As announced in Bulletin 2019-22, we have updated Section 1301.2 to address certain updates in State privacy and consumer protection laws, including the California Consumer Privacy Act that goes into effect on January 1, 2020.

Confidential information

Treatment and handling of confidential information

As announced in Bulletin 2019-22, we have restructured Section 1201.8 by separating it into two subsections:

- Revised subparagraph (a) provides greater specificity regarding requirements for receipt and treatment of Freddie Mac Confidential Information, and
- New subparagraph (b) clarifies Freddie Mac’s commitment to maintaining the confidentiality of certain nonpublic information provided by Seller/Servicers to Freddie Mac such as financial information and audit reports

We have also retitled and revised Section 8101.8 to clarify the Servicer’s obligations concerning information it obtains regarding the Borrower and the Mortgaged Premises that is not publicly available or that is required to be protected under applicable laws.

Confidential information and Transfers of Servicing

With this Bulletin, we have re-designated treatment of Transferor Servicer’s Purchase Documents relevant to a Transfer of Servicing from an exclusion under Section 1201.8(a)(iv) to the Transferee Servicer becoming an authorized party under Section 1201.8(a)(iii).

Guide impact: Section 1201.8

Retirement of Form 1074, Freddie Mac Reset Mortgage Confirmation

In Bulletin 2016-4, we removed Servicing requirements for Balloon/Reset Mortgages from the Guide. We are retiring Form 1074, which was utilized in connection with the reset of Balloon/Reset Mortgages and is now obsolete.

Guide impact: Form 1074

GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2019-23 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2019-23>.

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 "Yvette W. Gilmore". The signature is fluid and cursive, with a long horizontal line extending to the right.

Yvette W. Gilmore
Vice President
Servicer Relationship and Performance Management