



TO: Freddie Mac Servicers

May 10, 2017 | 2017-6

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces updates in response to the Consumer Financial Protection Bureau's (CFPB) August 4, 2016 amendments to its 2013 Mortgage Servicing rules under the Real Estate Settlement Procedures Act and the Truth in Lending Act (collectively, the "[Mortgage Servicing final rule](#)").

Additionally, we are updating Servicer requirements relating to [follow-up communications](#) with Borrowers nearing the completion of short-term unemployment forbearance plans.

CFPB MORTGAGE SERVICING FINAL RULE

Effective on and after October 19, 2017

In response to the CFPB's recent amendments to the Mortgage Servicing final rule, at the direction of the FHFA and jointly with Fannie Mae, we are updating Servicing requirements related to:

- [Borrower communication](#)
- The definition of "[First Complete Borrower Response Package](#)"
- [Repayment plans](#)

Borrower communication

Discontinuing contact with a Borrower prior to a foreclosure sale

We are updating our requirements related to Servicers discontinuing contact with Borrowers prior to a foreclosure sale as follows:

Current requirement

Servicers must discontinue contact with a Borrower 60 days prior to a judicial foreclosure sale date or 30 days prior to a non-judicial foreclosure sale date.

Revised requirement

Servicers must discontinue contact with a Borrower 60 days prior to a judicial foreclosure sale date or 30 days prior to a non-judicial foreclosure sale date, **unless** the Servicer is required to continue contact attempts by applicable law.

Guide impacts: Guide Sections 9101.2, 9102.4, 9102.5 and 9301.13

Acknowledging receipt of Borrower Response Packages

Currently, within five Business Days of receiving the Borrower Response Package, Servicers are required to provide written notice to Borrowers acknowledging receipt of:

- A complete Borrower Response Package
- An incomplete Borrower Response Package, listing the information necessary for completion

We are updating the Guide to require Servicers to additionally acknowledge to the Borrower that a previously incomplete Borrower Response Package has been completed within five Business Days of receiving the information necessary to complete the Borrower Response Package.

Guide impact: Section 9102.5

First Complete Borrower Response Package

We are revising the definition of the Glossary term “First Complete Borrower Response Package” to acknowledge that any time a Mortgage Delinquency is cured, each subsequent delinquency event must be addressed independently. A Borrower’s submission of an initial complete Borrower Response Package in connection with a new delinquency event is considered a First Complete Borrower Response Package.

As such, the revised definition for First Complete Borrower Response Package is: The first complete Borrower Response Package received in connection with a Mortgage secured by a Primary Residence **for any period of continuous Delinquency**.

Guide impact: Glossary A-I

Repayment plans

We are revising our requirements for repayment plans, as described in the table below:

For all repayment plans...	In addition, if...	Then...
<ul style="list-style-type: none"> The monthly repayment plan payment amount must not exceed 150% of the contractual mortgage payment (including taxes and insurance if the Servicer is collecting Escrow for such expenses) The Borrower may make a payment that is applied prior to the Servicer’s repayment plan evaluation (i.e., a Borrower may make a payment that may have a favorable impact to the repayment plan terms) The repayment plan must be in writing (refer to Section 9203.9 for complete requirements for the written notice) 	<ul style="list-style-type: none"> The Mortgage is less than or equal to 90 days delinquent; and The repayment plan term does not exceed six months in length 	<ul style="list-style-type: none"> A Borrower Response Package is not required; however, Quality right party contact is required to verify that the Borrower has the financial capacity to bring the Mortgage current and cure the Delinquency as a result of the repayment plan
	<ul style="list-style-type: none"> The Mortgage is greater than 90 days delinquent; or The repayment plan term exceeds six months in length 	<ul style="list-style-type: none"> A Borrower Response Package is required Repayment plan terms that exceed 12 months in length must be submitted to Freddie Mac for review and approval The Servicer must evaluate the Borrower for a streamlined offer for a Flex Modification if the Mortgage is greater than 90 days delinquent. However, if the Servicer has established quality right party contact and verified that the Borrower has the financial capacity to bring the Mortgage current and cure the Delinquency as a result of a repayment plan, then the Servicer must offer the Borrower a repayment plan.

Guide impacts: Sections 9203.9 and 9203.10

BORROWER CONTACT REQUIREMENTS FOLLOWING SHORT-TERM UNEMPLOYMENT FORBEARANCE

Effective immediately

We are updating Section 9203.23 to be consistent with similar requirements in Section 9102.4. The Servicer must conduct follow-up communications with a Borrower who is nearing the completion of a short-term unemployment forbearance plan or upon notification of re-employment, beginning the day after the Servicer sends the Borrower Solicitation Package to the Borrower. With this change, the follow-up communications must continue every **fifth** day in accordance with Freddie Mac's existing Borrower contact requirements in Section 9102.4.

Guide impact: Section 9203.23

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support 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 stroke extending to the right.

Yvette W. Gilmore
Vice President
Servicer Performance Management