

# Bulletin

TO: Freddie Mac Servicers

October 14, 2020 | 2020-39

## SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

### Electronic Payment Deferral Agreement

- Requirements for eSignatures on [Electronic Payment Deferral Agreements](#)

### Transfers of Ownership and assumptions

- Expanded requirements for [Transfers of Ownership](#)

### Escrow requirements

- New requirement for Servicers to have a written policy in place for [waiving an Escrow account](#) – **February 1, 2021**

### Eligible Disasters

- Guide changes for the previously announced [Disaster Payment Deferral](#) – **October 1, 2020**
- Guide changes related to placing a Borrower who is impacted by an Eligible Disaster in a [forbearance plan](#)

### 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.

## ELECTRONIC PAYMENT DEFERRAL AGREEMENTS

Following the announcement in Bulletin 2019-18 on e-modifications and Bulletin 2020-6 on the Freddie Mac Payment Deferral and as part of our continued commitment to [Reimagine Servicing](#)<sup>SM</sup>, we are updating our Mortgage relief requirements to allow Servicers to use an Electronic Payment Deferral Agreement to memorialize a Payment Deferral for paper Notes and eMortgages. We are making this change to further allow Servicers and Borrowers more flexibility.

Freddie Mac will not reimburse any costs resulting from a Servicer's decision to use an Electronic Payment Deferral Agreement, and the Borrower may not be charged for any associated costs.

Refer to Guide Sections 9203.27 and 1402.11 for Electronic Payment Deferral Agreement processing requirements.

Refer to Section 1401.2 for the definition of "Electronic" and "Electronic Signature" with respect to paper Notes when using an Electronic Payment Deferral Agreement and Section 1402.2 for the definition of "eMortgages."

### Electronic Payment Deferral documents

As with eModification Agreements and other loss mitigation documents, in lieu of paper documents, a Servicer may prepare, sign and send Payment Deferral documents to the Borrower for the Borrower's Electronic signature and Electronic return to the Servicer, provided these transactions comply with the Guide, including the requirements in Sections 1401.17 and 9206.19.

All Electronic loss mitigation documents, including Payment Deferral documents and any other Electronic Mortgage file documents are considered Electronic Records and must be able to be retrieved and printed in a manner that accurately reflects the information they originally contained. Additionally, all Electronic Records must be accessible, either electronically or on paper, and made available to Freddie Mac upon request.

Refer to Section 1401.2 for the definitions of “Electronic,” “Electronic Records” and “Electronic Payment Deferral Agreement” and Section 1401.17 for the definition of “loss mitigation documents.”

### General requirements for all Electronic Payment Deferral Agreements

Servicers must:

- Process, modify and store Electronic Payment Deferral Agreements for Freddie Mac Mortgages in accordance with all applicable industry standards, and in the same manner they do when processing, modifying and storing their own Electronic Payment Deferral Agreements for Mortgages they own or service for others
- Consult with their legal counsel to ensure that the use, processing, modification and storage of an Electronic Payment Deferral Agreement complies with all applicable federal, State and local laws
- Provide for Electronic notarization when applicable and required, subject to applicable law and the requirements set forth in Section 1401.16
- Comply with all requirements in the Servicing Contract to service the Mortgage, as modified by an Electronic Payment Deferral Agreement including, but not limited to, Servicing obligations related to a payoff or short sale (e.g., cancellation of the Mortgage, Note and Electronic Payment Deferral Agreement), grant of a deed-in-lieu of foreclosure, foreclosure, repurchase of an electronically modified Mortgage and litigation
- Notify the Freddie Mac Legal Division via email at [Legal\\_eMortgage@freddiemac.com](mailto:Legal_eMortgage@freddiemac.com) before initiating legal action, including foreclosure, on a Mortgage that has been completed using an Electronic Payment Deferral Agreement, and cooperate with Freddie Mac to determine appropriate actions and strategies to undertake in such legal proceedings. Additionally, the Servicer must use counsel that has the experience or demonstrated ability to enforce claims under Electronic Payment Deferral Agreements, electronically created Mortgages, Notes or other financial instruments.
- Ensure that the signing platform has a robust audit trail of all key events starting from the creation of the Electronic Payment Deferral Agreement through and including Servicer and Borrower execution (as applicable) that the Servicer can provide to Freddie Mac upon request

If the Servicer must have the payment deferral agreement recorded or in recordable format to comply with the requirements in Sections 9203.23(a) and 1402.10, the Servicer may use an Electronic Payment Deferral Agreement, provided the Servicer is able to comply with the recording jurisdiction’s recordation and Electronic format requirements set forth in Section 1401.15.

### Document custodial requirements

For paper Notes:

If...	Then...
<b>Borrower signature is not required</b>	Within 25 days of the effective date of the Payment Deferral, the Servicer must send an Electronic copy of the Servicer executed Electronic Payment Deferral Agreement to the Document Custodian to be maintained or logically associated with the Note.
<b>Borrower signature is required, and recordation is not required</b>	Within 25 days of the effective date of the Payment Deferral, the Servicer must send an Electronic copy of the fully executed Electronic Payment Deferral Agreement to the Document Custodian to be maintained or logically associated with the Note.
<b>Recordation is required</b>	1. Within 25 days of the effective date of the Payment Deferral, the Servicer must deliver an Electronic copy of the fully executed Electronic Payment Deferral Agreement to the Document Custodian to be maintained or logically associated with the Note, and

If...	Then...
	2. The Servicer must also deliver an Electronic copy of the Electronic Payment Deferral Agreement with recording information therein or Recording Confirmation returned from the recorder's office to the Document Custodian within five Business Days of receipt

Note: If the Document Custodian is not able to accept Electronic documents, the Servicer must deliver a paper copy of the Electronic Payment Deferral Agreement explicitly designated as a copy and a paper copy of the recorded Electronic Payment Deferral Agreement to the Document Custodian.

For eMortgages:

If...	Then...
<b>Borrower signature is not required</b>	Within 25 days of the effective date of the Payment Deferral, the Servicer must deliver an Electronic copy of the servicer executed Electronic Payment Deferral Agreement, by means of MERS eDelivery, to the eNote custodian's eVault.
<b>Borrower signature is required, and recordation is not required</b>	Within 25 days of the effective date of the Payment Deferral, the Servicer must deliver an Electronic copy of the fully executed Electronic Payment Deferral Agreement, by means of MERS eDelivery, to the eNote custodian's eVault.
<b>Recordation is required</b>	<ol style="list-style-type: none"> <li>1. Within 25 days of the effective date of the Payment Deferral, the Servicer must deliver an Electronic copy of the fully executed Electronic Payment Deferral Agreement by means of MERS eDelivery to the eNote custodian's eVault, and</li> <li>2. The Servicer must also deliver an Electronic Copy of the Electronic Payment Deferral Agreement with recording information therein or Recording Confirmation returned from the recorder's office by means of MERS eDelivery to the eNote Custodian's eVault within five Business Days of receipt</li> </ol>

If MERS eDelivery is not available for delivery of the Electronic documents, then delivery by Electronic means (e.g., email) to Freddie Mac or the Freddie Mac approved third-party eNote custodian is acceptable. If Freddie Mac is the eNote custodian, deliver the Electronic documents to [loan\\_delivery\\_funding\\_ops@freddiemac.com](mailto:loan_delivery_funding_ops@freddiemac.com).

Refer to Section 1402.2 for the definitions of "eNote," "eVault" and "MERS eDelivery."

### Storage and safekeeping of Electronic Payment Deferral Agreement

Servicers must store Electronic Payment Deferral Agreements in an eVault or similar eStorage System (as defined in Section 1402.2) and must store copies of Electronic Payment Deferral Agreements (including printed paper copies or facsimiles thereof) in the Mortgage file in accordance with the Guide requirements for storing Mortgage file documents. Electronic Payment Deferral Agreements must be logically associated with all paper and Electronic Mortgage file documents so that all Servicing records (both paper and Electronic), which constitute the Mortgage file, are identified and associated with the affiliated Mortgage transaction.

### Transfers of Servicing

Upon a Transfer of Servicing involving Mortgages with an Electronic Payment Deferral Agreement, the Transferor Servicer must comply with Section 7101.2(b)(ii) and inform the Transferee Servicer of the name of the eVault or eStorage System holding the Electronic Payment Deferral Agreement. The Transferor Servicer must ensure that its eVault or eStorage System provider transfers the Electronic Payment Deferral Agreement and all related data to the Transferee Servicer's eVault or eStorage System provider in a manner that ensures the ongoing validity and enforceability of the Electronic Payment Deferral Agreement and its associated Electronic Signature (as defined in

Section 1401.2). A Transferor Servicer may not satisfy its obligations under this section by relying on Section 7101.8(a) by generating paper copies of payment deferral agreements for the Transferee Servicer.

## Disaster Recovery/Business Continuity Plan

Refer to Section 1302.3 for Seller/Servicer business continuity planning requirements.

## Guide impacts

We have updated Section 1402.11 and created new Section 9203.27 to outline our requirements for Electronic Payment Deferral Agreements.

## TRANSFERS OF OWNERSHIP AND ASSUMPTIONS

Based on Servicer feedback, as well as feedback from Freddie Mac internal stakeholders, we are expanding requirements in Section 8406.4(b) that will provide more flexibility for Borrowers where certain Transfers of Ownership of the Mortgaged Premises may be appropriate.

Guide Chapter 8406 addresses permissible Transfers of Ownership with or without an assumption of liability, and also with or without a release of the transferor from liability. Servicers are now authorized to process Transfers of Ownership where Borrowers transfer title of the Mortgaged Premises to a limited liability company (LLC) or limited partnership (LP) under our permitted Transfers of Ownership requirements, provided the original borrower is a managing member or general partner of the entity to which the ownership is being transferred, and subject to other Guide requirements. Unless the previous Borrower, if applicable, requests a release of liability, the Servicer must process these exempt transactions without reviewing or approving the terms of the transfer.

If the transfer is pursued under Chapter 8406, Servicers are reminded to make any disclosures required by applicable law and take action necessary to continue any required insurance coverage, including mortgage insurance, where applicable.

Guide impact: Section 8406.4

## UPDATES TO ESCROW REQUIREMENTS

### Effective February 1, 2021

To continue our support of responsible Servicing practices, we are updating certain Escrow-related requirements. In response to Servicer feedback, we have restructured Section 8201.1 for improved clarity and efficiency.

Additionally, in order to ensure consistent treatment for all Borrowers, we are requiring Servicers to maintain a written policy governing the circumstances under which an Escrow account may be waived. This will ensure all similarly situated Borrowers' requests are treated equally.

If the Borrower's request for waiver of an Escrow account is a result of a forced-place Escrow account due to underpayment of property taxes, lapse in the Borrower's preferred insurance coverage or other charges described in the Security Instrument, even after taking into consideration requirements in Section 8201.1(c), then the Servicer may submit an exception request via Workout Prospector® to Freddie Mac for review subject to Servicing Guide requirements and applicable law.

Guide impact: Section 8201.1

## ELIGIBLE DISASTERS

### Disaster Payment Deferral

#### Effective October 1, 2020

As announced in Bulletin 2020-28, on October 1, 2020, we introduced Payment Deferral for Disaster Relief ("Disaster Payment Deferral") to assist Borrowers who have been impacted by an Eligible Disaster. We have added new Section 9203.26 and new Guide Exhibits 1101 and 1102 and updated Sections 9206.4 and 9206.5 and the Glossary to reflect these changes.

Guide impacts: Sections 9203.26 (**new**), 9206.4, 9206.5, Glossary, Exhibits 1101 (**new**) and 1102 (**new**)

## Disaster forbearance

As announced in Bulletin 2020-34, Servicers may now place a Borrower who becomes 31 or more days delinquent after being impacted by an Eligible Disaster in a forbearance plan for up to 90 days. We have updated Section 8404.4 to reflect this change.

Guide impact: Section 8404.4

## ADDITIONAL GUIDE UPDATES

### COVID-19 Payment Deferral eligibility

In response to Servicer feedback, we are expanding eligibility for the COVID-19 Payment Deferral to include Mortgages originated after March 1, 2020. If a Mortgage was originated after March 1, 2020, the effective date of the National Emergency Declaration related to COVID-19, and otherwise meets all criteria to qualify for a COVID-19 Payment Deferral as described in Bulletin 2020-15, then the Servicer is delegated to approve and offer the COVID-19 Payment Deferral.

### Clarification on Home Affordable Modification Program (HAMP) Pay for Performance incentives

Bulletin 2020-5 required Servicers to inform a Borrower with a Home Affordable Modification Program (HAMP) Mortgage that a Payment Deferral will result in the Mortgage's loss of good standing, and the Borrower will no longer be eligible for future HAMP incentives, including any Pay for Performance incentive that they might otherwise have received. With this Bulletin, we are amending the verbiage used in our previous announcement. A Borrower in good standing under HAMP who completes a Payment Deferral will be withdrawn from HAMP (as opposed to "loss of good standing"). Servicers must adhere to existing Making Home Affordable reporting requirements to reflect this status change, as applicable. In these instances, the Servicer continues to be responsible for communicating to the Borrower that completing a Payment Deferral will make them ineligible for any future pay for performance incentives.

Additionally, we are reminding Servicers that removal of a Mortgage from HAMP upon completion of a Payment Deferral does not apply to a COVID-19 Payment Deferral or a Disaster Payment Deferral, provided that the Borrower's has a COVID-19 related hardship or the hardship is the result of an Eligible Disaster, and:

- The Borrower was on a COVID-19 forbearance plan or a disaster related forbearance plan immediately preceding the COVID-19 Payment Deferral or Disaster Payment Deferral, or
- The Borrower has a COVID-19 related hardship or an Eligible Disaster hardship and the Mortgage is less than 90 days delinquent

Exhibits 93 and 1100 have been updated to reflect these edits. Servicers must amend the COVID-19 Payment Deferral Agreement, provided as Attachment A to Bulletin 2020-15, as applicable.

Guide impacts: Exhibits 93 and 1100

### Updates to Exhibit 93

We have updated Exhibit 93 to incorporate the [HAMP Pay for Performance clarification](#) as well as remove references to the now retired Capitalization and Extension Modification for Disaster Relief and the Extend Modification for Disaster Relief. Additionally, some minor edits have been incorporated to accommodate updates to credit reporting requirements described in Bulletin 2020-28.

Guide impact: Exhibit 93

### EDR reports

We have amended the EDR Loans Not Reported report described in Section 9102.7(b) so that it now identifies any Mortgage that was reported as 90 or more days delinquent during the prior month, but was omitted from the current month's EDR transmission and it was not reported as fully reinstated or paid off, that a foreclosure sale was held, or a workout option was completed. Previously, the EDR Loans Not Reported report included all such loans that were reported as 30 or more days delinquent during the prior month. The Servicer's responsibilities pertaining to Mortgages included on the report do not change, except that the report will no longer include Mortgages that are less than 90 days delinquent.

As a result of this change, the EDR Compliance Overview report is no longer relevant and has been eliminated. The Servicer is no longer responsible for any requirements pertaining to the EDR Compliance Overview report.

Guide impact: Section 9102.7

## Servicing Gateway additions

### Effective October 23, 2020

As part of our efforts to [Reimagine Servicing](#)<sup>SM</sup>, we are adding the following platforms to the [Servicing Gateway](#), both of which have previously been made available on a standalone basis:

- **eBill**, a tool that brings increased efficiency to invoicing, invoice review and payments
- **BPODirect**<sup>®</sup>, a tool for obtaining property valuations

Both tools are “Systems” within the meaning of Chapter 2401, and the Guide has been updated to reflect BPODirect’s availability via the Servicing Gateway. Both tools will be available on the Servicing Gateway on October 23, 2020.

Guide impacts: Sections 2406.4, 9202.18 and 9206.8

## Guide Form 99V, *Certificate of Incumbency and Wire Transfer Authorization: Default Fees and Claims Vendor*

Form 99V, *Certificate of Incumbency and Wire Transfer Authorization: Default Fees and Claims Vendor*, is being added to the Guide to be consistent with the Counterparty Authorization (CPA) existing processes and guidelines. This existing process is being adopted by the CPA team effective immediately. In addition, the information formerly found in Exhibit 98, *Expense Reimbursement/Incentive Payment Authorization for ACH Credits*, has been moved to Form 98, *Vendor Authorization to Transfer Expense Reimbursement and Incentive Payments Through the Automated Clearing House (ACH)*, and Guide cross-references for Exhibit 98 have been updated to Form 98. These forms have been in effect for a number of years for Default Fees and Claims vendors (vendors providing services for REO). Some of the language has changed, but both forms remain the same in content, and there are no changes to Guide requirements. They will be subject to recertification every 24 months.

Guide impacts: Sections 2101.12, 2201.1, 2405.1, 9102.1, 9204.6, Exhibit 98, Forms 98 and 99V (**new**)

## “Note” definition

The definition of “Note” will not change on November 1, 2020, as previously announced in Bulletin 2020-29. Instead, the definition of “Note” will remain unchanged.

Guide impact: Glossary

## Guide updates from previous Bulletins

### ***Concurrent Transfers of Servicing involving CHOICERenovation Mortgages***

In Bulletin 2020-36, we updated Sections 7101.4 and 7101.15 regarding Concurrent Transfers of Servicing involving CHOICERenovation Mortgages with renovations not completed by the Settlement Date (as described in Section 4607.1(b)), which are now permitted, provided the special requirements in Section 4607.18(a) are met.

Additionally, Form 960, *Agreement for Concurrent Transfer of Servicing of Single-Family Mortgages*, has been updated to identify whether an agreement includes CHOICERenovation Mortgages with renovations not completed by the Settlement Date. An approved Seller (as Transferor Servicer) and Transferee Servicer must complete Form 960, select this type of Mortgage on the updated form and obtain Freddie Mac’s approval (indicated by Freddie Mac executing and returning a copy of Form 960 to the Transferor Servicer and Transferee Servicer) before transferring Servicing for CHOICERenovation Mortgages with renovations not completed by the Settlement Date.

### ***Electronically recorded closing and post-closing documents***

In Bulletin 2020-38, we announced updates to Sections 1401.14 and 1401.15 regarding electronically recorded closing and post-closing documents. Previously, the Seller/Servicer received an Electronic copy of the Electronic recordation with recording information therein or a Recording Confirmation from the recorder’s office when paper closing or post-closing documents were sent for recordation. The Seller/Servicer was then required to deliver a paper copy to the Document Custodian. Seller/Servicers can now deliver the Electronic copy returned from the recorder’s office to the Document Custodian.

If the closing or post-closing documents are created electronically and:



- The Seller/Servicer receives an Electronic copy of the Electronic recordation with recording information therein or a Recording Confirmation from the recorder's office, then the Seller/Servicer is required to deliver an Electronic scanned copy of the documents and Electronic copy of the recordation returned from the recorder's office to the Document Custodian
- The Seller/Servicer receive a paper copy of the Electronic recordation with recording information therein or a Recording Confirmation from the recorder's office, then the Seller/Servicer is required to deliver the original Electronic documents and Electronic copy of the recordation returned from the recorder's office to the Document Custodian

Note: If the Document Custodian is not able to receive Electronic copies of the documents, the Seller/Servicer must deliver a paper copy of the document to the Document Custodian.

### ***Delivery requirements for modifications of eMortgages***

In Bulletin 2020-38, we announced updates to Sections 1402.10 and 1402.11 regarding electronically recorded closing and post-closing documents. Currently, Seller/Servicers are required to deliver the recorded modification agreement to the eNote custodian. As Seller/Servicers can either receive a Modification Agreement with recording information therein and/or another form of the Recording Confirmation from the recorder's office, we are now allowing Seller/Servicers to deliver either a recorded Modification Agreement, with recording information therein, or a Recording Confirmation to the eNote custodian.

### ***Remote Online Notarization (RON)***

Bulletin 2020-35 announced and updated our storage requirements of the notarial ceremony for documents notarized using a Remote Online Notarization (RON) process. In Bulletin 2020-38, we updated the existing storage requirements in Section 1401.16 to reflect that as announced in Bulletin 2020-35, Seller/Servicers must maintain the recording of the notarial ceremony for the greater of (a) 10 years or (b) the period specified in the RON law of the State in which the notary is licensed.

## **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 2020-39 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2020-39>.

## **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