



Bulletin 2021-35

Servicing

Issued 11/17/2021

TO: Freddie Mac Servicers

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

- Updates to [property inspection](#) requirements – **February 1, 2022**
- [Escrow shortage](#) for COVID-19 and Disaster Payment Deferrals – **March 1, 2022**
- [Forbearance Extension](#) updates – **November 1, 2021**
- Further updates as described in the [Additional Guide Updates and Reminders](#) section of this Bulletin

PROPERTY INSPECTION

Effective February 1, 2022, but Servicers are encouraged to implement the changes immediately. This update supersedes the property inspection updates announced in [Guide Bulletin 2020-7](#).

At the direction of FHFA, under the Servicing Alignment Initiative and jointly with Fannie Mae, we are simplifying our property inspection requirements to enable Servicers to manage Mortgage delinquencies more efficiently.

[Guide Section 9202.12](#) currently requires Servicers to order a property inspection on or after the 60th day of Delinquency and to obtain the complete inspection report by the 75th day of Delinquency if it has not received a payment in the last 30 days or has not achieved Quality Right Party Contact (QRPC) in accordance with [Section 9102.3](#). With this change, we now require the property inspection to be ordered by the 90th day of Delinquency, and for the complete inspection report to be obtained by the 120th day of Delinquency. We are also making the following additional changes to property inspection requirements:

- Providing an expanded list of circumstances when a Servicer must not complete a property inspection in a calendar month
- Instructing Servicers to document the mortgage file if extenuating circumstances cause inspection delays
- Adjusting an existing requirement so that if the property is found to be vacant or if occupancy is unknown, property inspections must continue if the Mortgage remains 90 or more days delinquent, regardless of QRPC and prospective resolution to the Delinquency

Refer to [Section 9202.12](#) for a complete description of these changes.

Guide Impacts: [Sections 8404.2](#) and [9202.12](#)

ESCROW SHORTAGE FOR COVID-19 AND DISASTER PAYMENT DEFERRALS AND FLEX MODIFICATIONS

Effective March 1, 2022, but Servicers are encouraged to implement the new escrow shortage requirements immediately.

At the direction of FHFA, and in coordination with Fannie Mae, effective March 1, 2022, 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.

If the Servicer determines that there is an Escrow shortage, the Servicer must disclose the amount of the shortage to the Borrower before the Borrower accepts the Payment Deferral. If the Borrower is unable to pay the Escrow shortage as a lump sum, then the Borrower must pay the shortage as part of the monthly principal, interest, taxes and insurance (PITI) payment. If the Borrower must make monthly Escrow shortage payments, then the Servicer must:

- 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 timeframe, not to be less than 12 months
- Take into account any remaining unpaid amount of the Escrow shortage in any subsequent Escrow analysis to ensure that the Borrower is able to continue to pay all Escrow shortage amounts 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 shorter repayment period as a result of a future Escrow analysis.

If the Borrower is unable to afford a COVID-19 Payment Deferral or Disaster Payment deferral based on the increased monthly payment resulting from an Escrow shortage repayment, the Servicer must evaluate the Borrower for a Flex Modification.

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.

Additionally, the COVID 19 Payment Deferral and Disaster Payment Deferral Agreements (see Attachment A and Attachment B to this Bulletin in the dropdown above) have been updated to reflect this change.

Flex Modification

Escrow shortages resulting from Escrow analyses performed as part of evaluation for a Flex Modification must also be spread over 60 equal monthly payments. A Borrower may pay the shortage off in a lump sum or may choose a shorter repayment period, not to be less than 12 months.

Guide impacts: [Sections 9203.26](#) and [9206.15](#)

FORBEARANCE EXTENSIONS

Effective November 1, 2021

Effective November 1, 2021, Freddie Mac has moved the process for requesting forbearance extensions to ResolveSM. As a result, the option to request a forbearance extension will no longer be available on [Guide Form 105, *Multipurpose Loan Servicing Transmittal*](#). To submit a request for a forbearance extension, use the new navigation option called "Extensions" in the Resolve user interface. After submission, forbearance extension requests will be available in the Decision Insights pipeline to provide increased transparency into the review and decisioning.


Guide impact: [Form 105](#)

ADDITIONAL GUIDE UPDATES AND REMINDERS

Designated Document Custodian update

Effective November 1, 2021

As announced in [Bulletin 2021-35](#), as a result of Computershare Trust Company, N.A.'s acquisition of Wells Fargo's corporate trust services business, on November 1, 2021, Computershare replaced Wells Fargo as a Designated Custodian. To reflect this change, [Forms 1035CS, *Designated Custodial Agreement: Single-Family Mortgages*](#) and [1035CSA, *Addendum to Designated Custodial Agreement: Single-Family Mortgages \(Freddie Mac Form 1035CS\) for Electronic Documents Related to Single-Family eMortgages*](#) have been created to serve as the Designated Custodial Agreement and Addendum to Designated Custodial Agreement for Electronic Documents, and [Forms 1035WF, *Designated Custodial Agreement: Single-Family Mortgages*](#) and [1035WFA, *Addendum to Designated Custodial Agreement: Single-Family Mortgages \(Freddie Mac Form 1035WF\) for Electronic Documents Related to Single-Family eMortgages*](#) have been retired.

Seller/Servicers that previously used Wells Fargo as their Designated Custodian/Document Custodian do not need to take any action to use Computershare as their Designated Custodian/Document Custodian. If a Seller/Servicer would like to choose a different Document Custodian to work with, the Seller/Servicer can refer to the [Document Custodians Accepting Third-Party Seller/Servicer](#)  list when choosing a new Document Custodian. Upon choosing a new Document Custodian, the Seller/Servicer should ensure a new [Form 1035, *Document Custodial Agreement: Single-Family Mortgages*](#) is executed. As reflected in [Section 2202.6](#), custody of all Notes and assignments should be transferred before the existing [Form 1035WF, *Designated Custodial Agreement: Single-Family Mortgages*](#) is terminated.

Guide impacts: [Sections 2202.3](#), [8601.13](#), [Forms 1035CS](#), [1035CSA](#), [1035WF](#), [1035WFA](#) and [Glossary](#)

Certificates of Incumbency

Effective November 3, 2021

As announced in [Bulletin 2021-34](#), to increase efficiency and avoid processing delays, we now require Seller/Servicers to provide a minimum of three authorized employees on Certificates of Incumbency ([Form 988SF, *Certificate of Incumbency for a Bank, Savings Bank, Savings and Loan Association, Credit Union, Corporation or Limited Liability Company*](#), [Form 988SF – HFA, *Certificate of*](#)

Incumbency for Housing Finance Agency, and *Form 989SF, Certificate of Incumbency For Limited Partnerships*). Previously, a minimum of two authorized employees was required. This change addresses recent trends of being unable to contact Authorized Employees to confirm authenticity of instructions. Seller/Service providers that do not have three authorized employees listed must submit a new Certificate of Incumbency form as soon as possible. We have also revised the title of *Form 988SF – HFA* to "*Certificate of Incumbency for Housing Finance Agency*."

Guide impacts: [Sections 2201.1, 2403.11](#), [Forms 988SF, 988SF – HFA](#) and [989SF](#)

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 2021-35 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddie.mac.com/app/guide/bulletin/2021-35>.

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