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## Bulletin 2022-4

# Servicing

Issued 02/09/2022

**TO: Freddie Mac Servicers**

**SUBJECT: SERVICING UPDATES**

This Guide Bulletin announces:

- **Total MI Reconciliations**
  - The introduction of [Total MI Reconciliations](#), the first in a new group of mortgage insurance tools – **May 16, 2022**
- **Acknowledgment Agreement Incorporated Provisions**
  - The revision of [Guide Exhibit 33](#) to be more consistent with other Acknowledgment Agreements
- **Streamlined Short Sale and Deed-in-Lieu of Foreclosure**
  - Updated documentation requirements for [Streamlined Short Sales and Deed-in-Lieu of Foreclosure](#)
- **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.

## TOTAL MI RECONCILIATIONS

**Effective for reconciliations of mortgage insurance information on or after May 16, 2022**

As part of our Reimagine Servicing® initiative, we are committed to delivering technology solutions that transform mortgage servicing and improve the client experience. We are introducing [Total MI](#), a new suite of mortgage insurance tools that digitize and integrate the tri-party workflow among mortgage insurance companies, Servicers and Freddie Mac. The tools enhance efficiency around the reconciliation, claims and cancellation processes for mortgage insurance. [Total MI Reconciliations](#) is the first of three Total MI solutions that will provide a new level of transparency, improve data quality and streamline the process to verify mortgage insurance details for newly funded Mortgages, as well as Mortgages with data corrections. The improved data quality will set Servicers up for success with subsequent mortgage insurance processes, such as claims.

On May 16, 2022, Servicers may access Total MI Reconciliations through [Servicing Gateway](#) or via the Total MI Reconciliations application programming interface (API).

Periodically, Freddie Mac reconciles mortgage insurance information provided by an MI with the mortgage insurance ULDD Data Points provided when Mortgages are delivered to Freddie Mac. We are updating [Guide Section 8203.12](#) to reflect that if discrepancies are identified, Freddie Mac will post data files containing the selected Mortgages and mortgage insurance ULDD Data Points to the Total MI Reconciliations tool. Within 10 Business Days of notification, Servicers must access the data files and provide corrections through the Total MI Reconciliations user interface in Servicing Gateway or the Total MI Reconciliations API. If the Servicer does not provide updated information within 10 Business Days, the selected Mortgages may be referred to Servicing Remedy Management for review.

Note: Servicers should refer to [Exhibit 10, Freddie Mac-Approved Mortgage Insurers](#), for the number of digits in each MI's certificate number.

On and after May 16, 2022, Servicers must use the Total MI Reconciliations user interface in Servicing Gateway or the Total MI Reconciliations API to reconcile mortgage insurance information.

Additionally, we are retiring [Form 1207, Mortgage Insurance Information Disclosure Agreement](#). However, Servicers must continue to ensure they instruct, in writing, any MI providing current or prospective coverage for Freddie Mac Mortgages to disclose to Freddie Mac (upon Freddie Mac's request) any and all information, data, and materials pertaining to any Freddie Mac Mortgage sold to and/or serviced for Freddie Mac by the Seller/Servicer.

Guide impacts: [Section 8203.12](#), [Form 1207](#) and [Exhibit 88](#)

## Access management

[Freddie Mac Access Manager](#) administrators will be able to provision access to Total MI Reconciliations beginning on or after April 18, 2022.

## Administrator guidance

We are providing the following guidance for administrators:

- If you're an executive or primary elevated administrator, you may grant access to a Primary and/or Secondary administrator. As such, an executive or primary elevated administrator can provision your primary and/or secondary administrators to grant access to Total MI Reconciliations to any new users across your organization on or after April 18, 2022. Note that executive and primary elevated administrators can also provision the tool directly to the user as needed.
- If you're a primary or secondary administrator, contact your executive or primary elevated administrators who may grant you permission to provision user access to Total MI Reconciliations via Freddie Mac Access Manager

Servicers that are not enrolled with Freddie Mac Access Manager administrators cannot get access to Total MI Reconciliations. Such Servicers must enroll in Access Manager by submitting the [Access Manager Get Started Form](#). Upon submission, a Freddie Mac representative will respond in two Business Days to assist with getting the organization setup and ready to access Total MI Reconciliations.

## Total MI System license

The Servicing Gateway System-Specific License will be updated, effective May 16, 2022, to reflect that Total MI is a licensed System available via Servicing Gateway.

Guide impact: [Section 2404.2](#)

## Resources

Visit the [Total MI Checklist](#) for recommended steps and training to successful onboarding of the tool(s). Servicers can register for the [Total MI Reconciliations for Servicers Webinar](#) to learn how to reconcile mortgage insurance for newly funded Mortgages via the user interface in Servicing Gateway.

Learn more about the full suite of [Total MI](#) solutions and what's to come.

## ACKNOWLEDGMENT AGREEMENT INCORPORATED PROVISIONS

We have updated [Exhibit 33, Acknowledgment Agreement Incorporated Provisions](#), which is required for transactions where a Servicer wants Freddie Mac's consent to pledge Servicer's Servicing Contract Rights as collateral for a financing. We have updated [Exhibit 33](#) to (a) provide for the sharing of Net Servicing Revenue with a Secured Party if Freddie Mac accomplishes an Interim Servicing Transfer instead of a Permanent Servicing Transfer, (b) provide more transparency and consistency with respect to how Surplus Proceeds and Termination Fees are distributed, (c) make [Exhibit 33](#) consistent with other forms of Acknowledgment Agreements entered into by Freddie Mac, and (d) streamline the agreement that make [Exhibit 33](#) operative to make it more concise and shorter. Revising [Exhibit 33](#) to be more consistent with other Acknowledgment Agreements should also increase consistency in execution by Servicers, thereby reducing risk when facilitating negotiations. The updated [Exhibit 33](#) is only applicable to Acknowledgment Agreements entered into after the effective date of the Bulletin.

Guide impact: [Exhibit 33](#)

## STREAMLINED SHORT SALE AND DEED-IN-LIEU OF FORECLOSURE

Previously, our requirements specified that if the Mortgage delinquency status at the time of evaluation was between 90 days and 18 months, the Servicer was required to evaluate a Borrower based upon a complete Borrower Response Package unless one of the following conditions applied:

- The Borrower failed a Freddie Mac Flex Modification® Trial Period Plan within the 12 months prior to evaluation for a Short Sale or Deed-in-Lieu of Foreclosure
- The Borrower previously received a Freddie Mac Flex Modification and become 60 days or more delinquent within the first 12 months of the effective date of the modification without curing the Delinquency
- The Borrower previously completed three or more modifications; or
- The Mortgage was not secured by an Investment Property, as identified at origination, and the Borrower's FICO® credit score was less than or equal to 620

In response to Servicer feedback, we have added another condition where the Servicer must now evaluate the Borrower for a Streamlined Short Sale or Deed-in-Lieu of Foreclosure:

- The Borrower received a forbearance plan as a result of a hardship due to their Mortgaged Premises or places of employment being located in an Eligible Disaster Area or because of COVID-19 and became 90 days or more delinquent prior to the evaluation

Guide impacts: [Sections 9208.3](#) and [9209.3](#)

## ADDITIONAL GUIDE UPDATES AND REMINDERS

### EDR codes

#### *EDR post settlement*

We have clarified that Status Code 09 (Forbearance) must not be reported in EDR after a Borrower transitions from forbearance to a reinstatement, repayment plan, settled modification or payment deferral. If the Borrower redefaults and enters a new forbearance plan, the Servicer must report the new plan using EDR Status Code 09 and the new effective date.

Guide impacts: [Sections 9203.17](#), [9203.25](#) and [9203.26](#)

#### *Retirement of EDR code TM*

We have updated [Exhibit 82, Electronic Default Reporting Transmission Code List](#), to reflect that EDR code TM has been retired. Servicers must discontinue reporting it unless otherwise instructed to do so.

Guide impact: [Exhibit 82](#)

## Updates from Bulletin 2022-2

### *Certificates of incumbency*

As announced in [Bulletin 2022-2](#), we have updated our certificate of incumbency forms to state that Freddie Mac may postpone a funding date or exercise applicable remedies under [Section 3601.1](#) should a Seller/Servicer or Warehouse Lender fail to provide accurate signature of authorized employees or roles delegated to authorized employees.

Additionally, any new certificate of incumbency forms received will supersede any prior forms and will be binding for two years or until written notice to the contrary or a new form is received.

Impacted forms include:

- [Guide 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](#)
- [Form 989SF, Certificate of Incumbency For Limited Partnerships](#), and
- [Form 990SF, Agreement and Certificate of Incumbency: Warehouse Lender](#)

[Form 990SF](#) has also been updated to require Warehouse Lenders to list their Authorized Employees and Administrators on the form. Authorized Employees were previously listed on [Form 900WHL, Loan Selling Advisor® Warehouse Lender Authorized User Identification Form](#), which was retired on February 2, 2022. Finally, [Form 990ASF, Warehouse Lender Addendum to Certificate of Incumbency](#), has been removed from the Guide. Warehouse Lenders may make all changes on [Form 990SF](#).

Guide impacts: [Forms 988SF](#), [988SF – HFA](#), [989SF](#), [990ASF](#) and [990SF](#)

### *Approved Seller/Servicers and special purpose entities*

**Effective May 9, 2022**

As announced in [Bulletin 2022-2](#), we are updating [Section 2101.1](#) to include a link to the [Seller/Servicer Application Document Checklist](#) and to indicate that Freddie Mac may request new applicants provide supplemental ownership and organizational documentation as part of their application to become an approved Single-Family Seller/Servicer.

For applicants whose ownership structure or affiliate relationships may pose a bankruptcy consolidation risk, Freddie Mac may require that the applicant (and its parent) adopt separateness covenants substantially similar to those in new [Guide Exhibit 115, \*Special Purpose Entity \("SPE"\) Covenants Sample Provisions\*](#). This includes entities that have been organized solely for the purpose of conducting residential Mortgage-related business activities.

Freddie Mac may also require a non-consolidation opinion from a law firm generally acceptable to Freddie Mac and containing only industry standard qualifications and assumptions. Freddie Mac may deny approval or request additional assurances if an applicant is a recycled special purpose entity or vehicle.

Guide impacts: [Section 2101.1](#) and [Exhibit 115 \(new\)](#)

**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 2022-4 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2022-4>.

**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