

# Bulletin

To: Freddie Mac Servicers

June 14, 2023 | 2023-14

## SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

- **Resolve®**
  - Updates related to submitting workout Mortgage assumption recommendations through [Resolve](#) – **August 31, 2023**
- **HeritageOne<sup>SM</sup> Mortgages**
  - The introduction of the new [HeritageOne Mortgage](#) offering – **October 2, 2023**
- **London Interbank Offered Rate (LIBOR) special servicing and reporting**
  - Updates to remind Servicers to transition [LIBOR-indexed ARMs](#) – **July 4, 2023**
- **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.

## RESOLVE

### Effective August 31, 2023

Beginning July 31, 2023, Resolve will be updated with additional functionality to allow Servicers to process simultaneous assumptions and modifications in the Resolve user interface (UI). To submit a recommendation for Freddie Mac to approve a simultaneous assumption and modification, Servicers must use the updated Retention File Template to create the workout request file, complete the following three additional data elements for each loan record and submit as an exception review request through the Resolve UI:

- Assumption Request Indicator
- New Borrower on Note Indicator
- New Borrower Credit Qualified Indicator (refer to Guide Section 9207.2 for income qualification requirements)

After reviewing the Servicer's recommendation, Freddie Mac's decision will be available in the Resolve Dashboard.

The functionality to submit a recommendation for a simultaneous assumption and modification will only be available through the Resolve UI (i.e., application programming interface (API) users will also need to submit these requests via the UI).

Servicers must transition their process to submit simultaneous assumption and modification recommendations from Workout Prospector® to the Resolve UI no later than August 31, 2023. However, Servicers may implement the new requirements on or after July 31, 2023, if they are operationally ready to do so.

**Note:** Prior to transitioning to Resolve, if a simultaneous assumption and modification has been started in Workout Prospector, it must be completed in Workout Prospector.



Guide impact: Section 9207.2

## Flex Modification® and Payment Deferral Available in Resolve

As announced in previous Bulletins, Servicers who are operationally ready to do so may process and settle Flex Modifications and Payment Deferrals in Resolve, either through the UI or API. However, Servicers must transition to Resolve no later than August 31, 2023.

Guide impact: Section 9204.6

## Available trainings

As new Resolve functionality becomes available, training will be available through the [Resolve training webpage](#).

## HERITAGEONE MORTGAGES

### Effective October 2, 2023

In Bulletin 2023-13, we announced the new HeritageOne offering, which is designed to meet the borrowing needs of enrolled members of Native American Tribes living within Eligible Native American Tribes' Tribal Areas. In support of this new offering, we are announcing the Servicing requirements for HeritageOne Mortgages, including adding new Guide Chapter 8901.

The Servicing for HeritageOne Mortgages is not a general offering and is only available to specific Servicers approved by Freddie Mac due to the necessary expertise and additional requirements to service HeritageOne Mortgages.

Approved Servicers must service all HeritageOne Mortgages in accordance with their Purchase Documents and the requirements detailed in Chapter 8901. Below is an overview of the key HeritageOne Servicing requirements.

## Servicing requirements

### *Servicer approval*

A Seller/Servicer must either complete a Concurrent Transfer of Servicing or have explicit Freddie Mac approval to service a HeritageOne Mortgage as outlined below:

- The Seller/Servicer (Transferor Servicer) must complete a Concurrent Transfer of Servicing to a Transferee Servicer designated by Freddie Mac in accordance with Chapter 7101 and the requirements of new Chapter 8901
- If the Seller/Servicer intends to retain the Servicing of such Mortgages and fulfill the Servicing obligations in its capacity as Seller/Servicer, the Servicer must obtain explicit approval from Freddie Mac to service HeritageOne Mortgages

### *Additional Servicing requirements*

The following information contains some of the additional highlights of the Servicing requirements for HeritageOne Mortgages:

- The Servicer must provide all notices and disclosures to the Borrower and all other required parties as required by the Guide, applicable law and the Mortgage documents
- When ordering and completing a Property Inspection, the Servicer must meet any notification requirements per applicable law based upon the location of the Mortgaged Premises
- When completing property preservation work, the Servicer must meet any notification requirements per applicable law based upon the location of the Mortgaged Premises and, if applicable, work with the necessary parties to appropriately handle any Native American artifacts or remains on the property
- If a HeritageOne Borrower is referred to foreclosure and the foreclosure must be conducted through tribal court, the Servicer must follow the requirements in the Guide and all applicable tribal law and tribal court procedures

Guide impacts: Sections 8201.1, 8406.4, Chapter 8901 (**new**), 9202.16, 9208.2, 9208.5, 9301.31, 9301.32 and 9301.34



## Additional resources

Servicers should visit our [HeritageOne webpage](#) and review our [FAQs](#) for more information.

## LONDON INTERBANK OFFERED RATE (LIBOR) SPECIAL SERVICING AND REPORTING

### Effective July 4, 2023

We are changing our requirements announced in Bulletin 2023-2, which stated that for all Freddie Mac-owned loans indexed to the London Interbank Offered Rate (LIBOR) with interest rate adjustments based on a lookback date that occurs after June 30, 2023, Servicers must use the applicable, “all-in”, “no floor” Refinitiv USD IBOR Cash Fallback\*, as published by Refinitiv Limited (“Refinitiv”).

Because LIBOR-indexed ARM Notes require the use of the most recent index available and Refinitiv will publish replacement indices on its consumer website on a one-day delay basis in the same way *The Wall Street Journal* publishes LIBOR indices today, Servicers must use the same lookback date and related index selection timing processes when selecting the applicable replacement index published by Refinitiv as they use when selecting the LIBOR Index today.

We have notified certain Servicers who service Freddie Mac-owned loans indexed to LIBOR with interest rate adjustments based on a lookback date that occurs on July 3, 2023 that they must use the applicable June 30, 2023 LIBOR Index that will be published in *The Wall Street Journal* on July 3, 2023 for the associated interest rate adjustments to occur on August 1, 2023.

We are announcing today that for all Freddie Mac-owned loans indexed to LIBOR, Servicers must use the applicable, “all-in”, “no floor” Refinitiv USD IBOR Cash Fallback\*, as published by Refinitiv for all interest rate adjustments based on a lookback date that occurs **after July 3, 2023**.

With this Bulletin, we are updating Section 8502.2 and the definition of LIBOR Index in the Glossary.

*\*Disclaimer provided by Refinitiv:* Refinitiv USD IBOR Cash Fallbacks are provided by Refinitiv and its Affiliates. Refinitiv and its Affiliates shall not be liable for any errors or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same. Refinitiv USD IBOR Cash Fallbacks cannot be used for any commercial purpose (including redistribution) without a license. Please contact Refinitiv if you require a license. Refinitiv USD IBOR Cash Fallbacks is subject to Refinitiv’s terms of use and disclaimer available at <https://www.refinitiv.com/en/financial-data/financial-benchmarks/usd-ibor-cash-fallbacks>.

## Resources

To learn more about the LIBOR transition, please visit:

- [Freddie Mac Reference Rate webpage](#)
- [LIBOR FAQs](#)
- [LIBOR Transition Playbook](#)

Guide impacts: Section 8502.2 and Glossary

## ADDITIONAL GUIDE UPDATES AND REMINDERS

### Home Affordable Modification Program<sup>SM</sup> (HAMP<sup>®</sup>) retirement

In Bulletin 2022-26, we announced the termination of the Home Affordable Modification Program (HAMP). With this Bulletin, we have retired most of Chapter 9205 and updated other sections in the Guide to reflect the retirement of most HAMP-related requirements. We are retaining most of the HAMP Servicing requirements set forth in Sections 9205.11, 9205.13, 9206.16 and 9205.20.

Guide impacts: Sections 3403.1, 9203.13, 9203.20, 9203.23, 9203.26, 9204.6, 9205.1, 9205.3, 9205.5, 9205.11, 9205.12, 9205.13, 9205.14, 9205.17, 9205.18, 9205.21, 9301.46 and Form 720



### Clarification of allowable income types

We have added clarification to allowable income types in accordance with Section 1301.2. All income must comply with all federal, State and local laws, ordinances, regulations, orders and regulatory guidance.

Guide impact: Section 9202.3

### Loss mitigation evaluation

Previously, if a Borrower who was current or less than 31 days delinquent contacted the Servicer for loss mitigation assistance, the Servicer was required to evaluate the Borrower's eligibility for a Freddie Mac Enhanced Relief Refinance<sup>®</sup> offering as set forth in Chapter 4304. We have updated Section 9201.2 to state that if a Borrower who is current or less than 31 days delinquent contacts the Servicer for loss mitigation assistance, the Servicer must first evaluate the Borrower for a reinstatement and then a relief option as set forth in Chapter 9203.

Guide impact: Section 9201.2

### Early delinquency counseling

We have clarified the Mortgage file retention requirements for early delinquency counseling as outlined in Sections 9101.2 and 9102.4. This update provides greater clarity for Servicers as to the requirements when selecting to utilize a HUD-approved national counseling agency specified by Freddie Mac.

Guide impacts: Sections 9101.2 and 9102.4

### Summary of Guide topics

In Bulletin 2023-13, we updated the summary of topics list in Section 1101.1(b) to more accurately reflect the contents of the Guide.

Guide impact: Section 1101.1

### Mortgaged Premises address change reminder

Freddie Mac relies on the accuracy and completeness of all data and information Servicers submit through Freddie Mac systems. Recently, we have noticed a trend of property valuation requests based on incorrect addresses. We are reminding Servicers that should the address of a Mortgaged Premises change, the Servicer must update their systems and notify Freddie Mac of the change by submitting a Post-Fund Data Correction Form through the [Post-Fund Data Correction Tool](#) available through Servicing Gateway.

## 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 2023-14 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2023-14>.

## 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