

# Bulletin

To: Freddie Mac Servicers

June 12, 2024 | 2024-8

## SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

- **Loan Product Advisor® Mortgage assumptions**
  - New options to underwrite [Mortgage assumptions in Loan Product Advisor](#) – **August 5, 2024**
- **Freddie Mac Flex Modification®**
  - Guide updates for [Freddie Mac Flex Modifications](#) – **December 1, 2024**
- **Resolve®**
  - Updates to the evaluation of [Payment Deferrals and Disaster Payment Deferrals in Resolve](#) – **July 29, 2024**
  - New functionality in the [Resolve user interface \(UI\)](#) – **July 29, 2024**
- **Custodial Accounts**
  - New requirements for investing [Custodial Account funds](#) – **October 1, 2024**
  - Updated Custodial Account [documentation requirements](#)
  - The automation of our [Custodial Account review process](#)
- **Updates from Bulletin 2024-7**
  - Updates to our [Acknowledgment Agreements](#)
  - A new requirement for reporting changes in [Seller/Servicers' organization or status](#) – **October 1, 2024**

## EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

## LOAN PRODUCT ADVISOR MORTGAGE ASSUMPTIONS

### Effective August 5, 2024

In response to Servicer feedback, we are providing additional resources to enhance the Servicer experience when conducting credit assessments in connection with an assumption request (including a request for a release of liability where an existing Borrower is assuming full responsibility for the Mortgage). Beginning August 5, 2024, Servicers will have the option to use functionality in Loan Product Advisor to assess creditworthiness for assumptions of Freddie Mac Mortgages as described in Guide Section 8406.4(d). This change will provide the option to leverage Loan Product Advisor for credit underwriting, but this is not an expansion or change to Freddie Mac's Mortgage assumption requirements. This functionality will only apply to transferees who request an assumption of the Mortgage obligation in relation to a Transfer of Ownership as described in Section 8406.4(b) and is only to be used to determine creditworthiness for the transferee. All other Guide requirements regarding Transfers of Ownership and Mortgage assumptions remain in effect.

Servicers that opt to use Loan Product Advisor to assess a transferee's creditworthiness must use the "no cash-out" refinance option and the "Assumption FRE Owned Loan" Loan Program Identifier.



Because Loan Product Advisor uses the Mortgage's original value to determine the transferee's creditworthiness, Servicers who wish to evaluate based on current value (whether at the request of the Borrower or otherwise) must complete a manual evaluation in accordance with the existing process.

If Loan Product Advisor returns a Feedback Certificate with a Risk Class of "Accept", Loan Product Advisor has determined that the transferee's creditworthiness is acceptable. To move forward with the assumption, the Servicer must follow the steps in Sections 8406.7 through 8406.10, as applicable, to complete the assumption.

If Loan Product Advisor returns a Feedback Certificate with a Risk Class of "Caution", the Servicer may manually underwrite the assumption of the Mortgage in accordance with the requirements in Guide Topics 5100 through 5500. If the Servicer ultimately declines the assumption application, the Servicer must follow the requirements in Section 8406.8 to notify all affected parties.

Loan Product Advisor may be used to assess the creditworthiness of assumption transferees who have had Mortgages with a previous Payment Deferral; however, it may not be used to assess the creditworthiness of transferees who have Mortgages that have been previously modified. Modified mortgages are eligible to be assumed, but they must be manually underwritten using the manual underwriting requirements in Topics 5100 through 5500.

The use of Loan Product Advisor is optional. Servicers may continue to underwrite Mortgage assumptions manually if they choose to do so.

[Loan Product Advisor feedback messages](#) will be updated to reflect the updates described above.

Servicers who do not have access to Loan Product Advisor can request access through [Access Manager](#). Please visit the [General Servicing Training Page](#) on Freddie Mac Learning after August 5 for training on system access, processes and other Loan Product Advisor resources to assist you in the implementation of this new process.

Guide impacts: Sections 8406.3 through 8406.7, 8406.9 and 8406.11

## FREDDIE MAC FLEX MODIFICATION

**Effective on December 1, 2024, but Servicers are encouraged to begin implementation using Resolve as early as November 1, 2024**

In Bulletin 2024-E, we announced enhancements to the Freddie Mac Flex Modification requirements, primarily as they relate to determining the terms of a Freddie Mac Flex Modification. With this Bulletin, we are updating the Guide to reflect these enhancements.

Guide impacts: Sections 9206.2, 9206.5, 9206.10, 9206.11, 9206.13, 9206.16 and Exhibit 93

## RESOLVE

### Evaluation of Payment Deferral and Disaster Payment Deferral in Resolve

**Effective July 29, 2024**

In response to Servicer feedback, we have updated Resolve functionality for processing a Payment Deferral (as described in Section 9203.18) when, as of the date of evaluation:

- The Mortgage is already 180 days delinquent, or
- The Payment Deferral would cause the Mortgage to exceed 12 months of cumulative deferred past-due Principal and Interest Payments resulting from Payment Deferrals

Currently, Resolve flags these Mortgages as ineligible because they do not meet our Delinquency and/or total cumulative payments deferred requirements. Once the Servicer receives a payment during the month of the evaluation and, if applicable, during the processing month, the Servicer must resubmit through Resolve as a new evaluation in order to settle the Payment Deferral.

With this update, we are announcing that when evaluating a Borrower for a Payment Deferral using Resolve in the instances outlined above, the Borrower will no longer be flagged as ineligible within Resolve. Instead, the Servicer will receive a warning message that the Borrower is approved pending receipt of a payment or payments (when a processing month is required) from the Borrower. Once payment or payments have been received and the Borrower becomes eligible, the Servicer may proceed to settlement. This update will allow Servicers to settle Payment Deferrals in these



instances without having to resubmit through Resolve as a new evaluation. This change will also apply to Disaster Payment Deferrals for Mortgages that are already 360 days (12 months) delinquent, as described in Section 9203.26.

At this time, Freddie Mac will not be updating Resolve in relation to the processing of COVID-19 Payment Deferrals in similar scenarios. Instead, Servicers should continue to resubmit through Resolve once the Borrower becomes eligible for a COVID-19 Payment Deferral or submit an exception request to Freddie Mac.

Guide impacts: Sections 9203.14, 9203.23, 9203.24 and 9203.26

## New functionality in Resolve user interface (UI)

### Effective July 29, 2024

Beginning July 29, 2024, Servicers may begin reporting foreclosure sale results and settling third-party sales through the Resolve UI.

To report the results of foreclosure sale in the Resolve UI, Servicers must submit the Foreclosure Sale Reporting Template indicating the result of the foreclosure sale (i.e., third-party sale, REO, HUD/VA) no later than one Business Day following the date of the foreclosure sale.

Following receipt of the proceeds from a third-party foreclosure sale, Servicers will still be required to report the transaction ID of "Foreclosure" and the sale result of "third-party sale" in the Loan Level Reporting tool (see Exhibit 88, *Servicing Tools*) no later than the second Business Day after the Servicer receives the proceeds. Once this information is entered in the Loan Level Reporting tool, Resolve will automatically settle the third-party foreclosure sale transaction with no further action required by the Servicer.

Servicers may refer to [Resolve Online Help](#) and the [Resolve Training Page](#) for additional details on reporting the results of foreclosure sales and third-party foreclosure sales in the Resolve UI.

Guide impacts: Sections 9301.38 and 9301.43

## CUSTODIAL ACCOUNTS

### Investing Custodial Account funds

#### Effective October 1, 2024

To align with industry standard practices, we are updating Section 8304.4 to remove the ability of Servicers to invest Freddie Mac funds held in Custodial Accounts.

Guide impacts: Sections 8302.8, 8304.2, 8304.5, 8304.8 through 8304.12 and Glossary

### Custodial Account documentation requirements

We have updated our letter agreements to include additional contact information for the signatories on each letter agreement. Servicers must use the updated letter agreements when they submit new or updated forms on or after June 12, 2024. Existing letter agreements on file with Freddie Mac do not need to be updated.

Guide impacts: Forms 1057SF, 1058CR, 1058SF, 1059SF, 1060CR and 1060SF

### Automating Custodial Account review process

Periodically, Freddie Mac conducts examinations of a Servicer's reconciliation of its Principal and Interest Custodial and Escrow Account(s). Recently, we updated the Cash Manager tool (see Exhibit 88) to automate the examination process. Custodial Account review automation provides seamless communication and secure transmission of documentation and allows Servicers to track the status of the process.

The reconciliation package (see Section 8304.15) and all other communications will now be submitted through the UI in the Cash Manager tool instead of via e-mail. No requirements associated with the Custodial Account review process have changed. Servicers will continue to be notified via e-mail to initiate the Custodial Account review.

Servicers may refer to the education resources on the [Cash Manager](#) and the [Custodial Accounting Training](#) webpages for additional details on the automated Custodial Account review process.



## UPDATES FROM BULLETIN 2024-7

### Acknowledgement Agreements

We have updated Exhibit 33, *Acknowledgment Agreement Incorporated Provisions*, which is required for transactions where a Seller/Servicer needs Freddie Mac's consent to pledge the Seller/Servicer's Servicing Contract Rights as collateral for financing. The updates are as follows:

- Created two separate Acknowledgment Agreement Incorporated Provisions (Exhibit 33A, *Acknowledgment Agreement Incorporated Provisions*, and Exhibit 33B, *Acknowledgment Agreement (Syndication) Incorporated Provisions*) that apply to two distinct types of financing transactions
- Retired the existing Exhibit 33
- Added specificity to existing language
- Made the exhibits consistent with other Guide provisions
- Removed unused provisions that were inconsistent with our programs

Guide impacts: Sections 1101.2, 3603.1, 9701.23, Exhibits 30, 31, 33, 33A (**new**), 33B (**new**), 33C (**new**), 33D (**new**), 103 and Glossary

### Reporting changes in Seller/Servicers' organization or status

#### Effective October 1, 2024

We are updating Section 2101.12 to require each Seller/Servicer to notify Freddie Mac using UCount® within one Business Day after either of the following events occurs:

- The Seller/Servicer receives notice that it is suspended, disqualified or terminated as a Fannie Mae-approved seller, lender or servicer and/or a Ginnie Mae-approved issuer
- The Seller/Servicer notifies any secured party, or is notified by any secured party, of a breach or default under a credit facility (to the extent such default is not cured within any applicable cure period set forth in the applicable agreement)

Guide impact: Section 2101.12

## 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 2024-8 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2024-8>.

## 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,

Mike Reynolds

Vice President, Head of Servicing