

# Bulletin

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NUMBER: 2013-15

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TO: Freddie Mac Servicers

August 15, 2013

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## SUBJECTS

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are making the following updates and revisions to our **Servicing** requirements:

- Providing special requirements for Borrowers impacted by an Eligible Disaster, including the new Capitalization and Extension Modification for Disaster Relief (“Disaster Relief Modification”)
- Adding new Guide Chapter A66, *Provisions for Expediting Freddie Mac Default Legal Matters*, which includes the requirements for common methods of expediting Freddie Mac Default Legal Matters
- Revising our requirements for providing relief to Borrowers who are Servicemembers and their Dependents (as the terms “Servicemember” and “Dependent” are defined in the Servicemembers Civil Relief Act (SCRA))
- Revising our property inspection requirements
- Revising our requirements for the reimbursement of:
  - ❑ Attorney fees and costs related to contested foreclosures and mediation
  - ❑ Expenses incurred for title work
  - ❑ Condominium, homeowners association (HOA) and Planned Unit Development (PUD) assessments in super lien States
- Permanently extending the submission time frame for 104SF claims from 30 days to 45 days
- Updating our unemployment forbearance requirements

In addition to the changes listed above, we are making further updates and revisions, 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.

## SERVICER REQUIREMENTS FOR BORROWERS IMPACTED BY AN ELIGIBLE DISASTER

We have rewritten Chapter 68, *Servicing Mortgages Impacted by a Disaster*, and have made several revisions to Chapters B65, *Workout Options*, and C65, *Home Affordable Modification Program*, to incorporate special requirements to assist Borrowers whose Mortgaged Premises or places of employment are damaged by an Eligible Disaster. These changes were developed and adopted under the direction of the Federal Housing Finance Agency (FHFA), and are part of the Servicing Alignment Initiative (SAI). The changes include, but are not limited to, the following:

- Property protection activities, such as ascertaining the extent of the damage, and, if necessary, securing abandoned properties

- Requirements for managing the Delinquency of a Borrower whose Mortgaged Premises or place of employment was impacted by an Eligible Disaster. Actions must be taken to determine the impact of the disaster and whether relief such as forbearance is needed. If possible, the Servicer should then transition the Borrower into a relief or workout option to avoid foreclosure.
- The addition of the new Disaster Relief Modification for Borrowers who were current or less than 31 days delinquent at the time of an Eligible Disaster
- Revisions to the Freddie Mac Streamlined Modification (“Streamlined Modification”) for Borrowers who were current or less than 31 days delinquent at the time of an Eligible Disaster
- Adopting the temporary Trial Period Plan eligibility requirements announced for Hurricane Sandy for any Borrower whose Mortgaged Premises or place of employment is located in an Eligible Disaster Area
- Requirements for insurance loss settlements after an Eligible Disaster
- Instructing Servicers not to report to credit repositories a Borrower who is on a disaster-related Trial Period Plan. As a reminder of our existing requirements, Servicers also must not report to the credit repositories a Borrower who is on a disaster-related forbearance or repayment plan.

In addition, we have updated the Glossary to include definitions for “Eligible Disaster” and “Eligible Disaster Area.”

#### **Transition following a disaster-related forbearance**

We have updated Chapter 68 to include the requirements for evaluating a Borrower who is transitioning from a disaster-related forbearance plan to another relief or workout option. Servicers must contact the Borrower prior to the end of the forbearance period to determine the appropriate relief or workout option to cure the Delinquency. The Servicer must consider a number of factors including, but not limited to, the Servicer’s ability to achieve quality right party contact, the Borrower’s financial circumstances and ability to resume making monthly payments on the Mortgage, and the status of the Mortgage at the time of the disaster.

Servicers must refer to Guide Section 68.6, *Transition following Disaster-Related Forbearance*, for full requirements on offering transition assistance to Borrowers impacted by an Eligible Disaster.

If the Servicer is evaluating the Borrower for an alternative to foreclosure based on a Borrower Response Package, the documentation cannot be more than 180 days old as of the date of the evaluation for the alternative to foreclosure.

#### **Disaster Relief Modification**

##### **Effective November 1, 2013**

The Disaster Relief Modification is a new modification option for certain Borrowers whose hardship resulted from an Eligible Disaster. This modification will assist a Borrower whose hardship is resolved and who is able to resume making the contractual monthly payments on a Mortgage but is unable to reinstate the Mortgage or cure the Delinquency with a traditional repayment plan. Such Borrowers will now be provided an opportunity to repay the arrearages over the life of the Mortgage by capitalizing the arrearages and incrementally extending the term just enough to achieve a monthly principal and interest payment that is equivalent to, or slightly less than, their contractual monthly principal and interest payment. For certain Borrowers, this may be preferable to our existing modification options, which include a term extension to 40 years and, in certain situations, a final Balloon Payment. To ensure that the hardship has been resolved and the Borrower can continue to pay the contractual payment, an eligible Borrower will be required to complete a Trial Period Plan in accordance with Section B65.19, *Trial Period Plan Requirements*, prior to being offered a permanent Disaster Relief Modification.

To be eligible for the Disaster Relief Modification, the Borrower's Mortgaged Premises or place of employment must be located in an Eligible Disaster Area. In addition, the Borrower must be at least 60 days delinquent, but less than 360 days delinquent, at the time of evaluation and must have been current or less than 31 days delinquent at the time of the disaster. Servicers are not required to collect or review a Borrower Response Package, but must establish quality right party contact with the Borrower in order to confirm that the hardship has been resolved and the Borrower is able to maintain the contractual monthly payments on the Mortgage.

The requirements for the Disaster Relief Modification, including, but not limited to, the eligibility requirements and exclusions, and the requirements for determining the terms of the Disaster Relief Modification, are provided in new Section B65.12.2, *Capitalization and Extension Modification for Disaster Relief*.

If the Borrower is approved for a Disaster Relief Modification in accordance with the requirements in Section B65.12.2, the Servicer must send the Borrower a Disaster Relief Modification Trial Period Plan Notice. Guide Exhibit 93, *Evaluation Model Clauses*, has been updated to include this new Trial Period Plan Notice.

Servicers must comply with these requirements for new evaluations conducted on or after November 1, 2013. However, if feasible, Servicers are encouraged to implement these changes immediately.

We will inform Servicers in a future communication of the date that Workout Prospector<sup>®</sup> will be available to process the terms of the Disaster Relief Modification. In the interim, Servicers are authorized to manually underwrite and approve eligible Borrowers for a Disaster Relief Modification Trial Period Plan, but must transmit an exception request to Freddie Mac via Workout Prospector to process the terms of the Trial Period Plan. Servicers must report the Disaster Relief Modification Trial Period Plan to Freddie Mac via Electronic Default Reporting (EDR) using the Freddie Mac Standard Modification default action code "BF" in accordance with Section B65.21, *Other Conditions and Requirements*. We will inform Servicers in a future communication of the date that a new EDR code will be available for the reporting of Disaster Relief Modification Trial Period Plans.

## **Streamlined Modification**

### **Effective November 1, 2013**

We have updated our Streamlined Modification requirements in Section B65.12.1, *Freddie Mac Streamlined Modification*, to incorporate special requirements for Borrowers whose hardship was a result of an Eligible Disaster and who were current or less than 31 days delinquent as of the date of the Eligible Disaster.

The Servicer must evaluate the Borrower for a Streamlined Modification if the Borrower is 90 or more days delinquent, a Borrower Response Package has not been received and one of the following conditions exists:

- The Borrower is not eligible for, or declines, a Disaster Relief Modification
- The Servicer is unable to achieve quality right party contact with the Borrower at the end of the disaster-related forbearance period to determine the Borrower's financial status and eligibility for a Disaster Relief Modification

In addition, the Servicer must evaluate the Borrower for a Streamlined Modification in accordance with the special requirements provided in Section B65.12.1(g). These requirements amend and supersede certain Streamlined Modification requirements and include, but are not limited to, the following:

- The Servicer is not required to have previously solicited the Borrower for an alternative to foreclosure prior to offering an eligible Borrower a Streamlined Modification
- Certain eligibility exclusions have been revised or eliminated. For example, there is no exclusion relating to the number of previous modifications.

- If the Servicer was not collecting Escrows prior to the disaster, the Servicer is not required to establish an Escrow account as a condition of the modification, unless otherwise required by applicable law or the Servicer confirms that the taxes and insurance premiums have not been paid and are past due
- There is no restriction on the mark-to-market loan-to-value (MTMLTV) ratio; however, as described in Section B65.12.1(g), when the MTMLTV ratio is less than 80%, the steps to be taken for determining the terms of the Streamlined Modification are different from the steps to be taken when the MTMLTV ratio is greater than or equal to 80%

If a Borrower is approved for a Streamlined Modification due to an Eligible Disaster in accordance with the requirements of Section B65.12.1(g), the Servicer must send the Borrower the Streamlined Modification Trial Period Plan Notice, amended as set forth in Exhibit 93 for Eligible Disasters, and Exhibit 1191A, *Streamlined Modification Post-Disaster Forbearance Solicitation Letter*.

Servicers must comply with these requirements for new evaluations conducted on or after November 1, 2013. However, if feasible, Servicers are encouraged to implement these changes immediately.

We will inform Servicers in a future communication the date that Workout Prospector will be available to process the special terms of the Streamlined Modification when the MTMLTV ratio is less than 80%. In the interim, Servicers are authorized to manually underwrite and approve eligible Borrowers with an MTMLTV ratio that is less than 80% for a Streamlined Modification Trial Period Plan, but must transmit an exception request via Workout Prospector to process the terms of the Trial Period Plan. Servicers must report the Streamlined Modification Trial Period Plan to Freddie Mac via EDR in accordance with Section B65.21.

### **Trial Period Plans**

With this Bulletin, we are updating the Guide to make the temporary Trial Period Plan eligibility requirements announced in response to Hurricane Sandy in Bulletins 2012-26 and 2012-29 permanent for any Borrower whose Mortgaged Premises or place of employment is located in an Eligible Disaster Area. If the Borrower was performing in accordance with the terms of the Trial Period Plan at the time of entering a disaster-related forbearance plan, the Servicer must re-evaluate such Borrower for another Trial Period Plan within 30 days prior to the end of the disaster-related forbearance period.

In evaluating a Borrower for another Trial Period Plan, the Servicer must determine whether the Borrower's financial circumstances continue to be adversely impacted by the disaster based on verbal confirmation with the Borrower and the most recent property inspection. Section 68.6(c) provides the evaluation and processing requirements for situations where the Borrower's financial circumstances have not been adversely impacted, as well as the requirements for situations where the Borrower's financial circumstances have been adversely impacted.

Sections 68.6 and C65.4, *Eligibility*, have been updated to reflect these requirements.

### **Insurance loss settlements after an Eligible Disaster**

In Bulletin 2013-4, we provided insurance loss settlement relief to Borrowers coping with disaster-related hardships as a result of Hurricane Sandy. Bulletin 2013-4 temporarily amended the requirements in Section 58.10, *Insurance Loss Settlements*, to expedite the release of insurance funds to impacted Borrowers.

With this Bulletin, we are updating the Guide to make the temporary insurance loss settlements requirements announced in Bulletin 2013-4 in response to Hurricane Sandy permanent for any Borrower whose Mortgaged Premises is located in an Eligible Disaster Area. If the Mortgaged Premises has been damaged and is located in an Eligible Disaster Area, property insurance proceeds for structural losses must be disbursed in accordance with new Section 68.3, *Insurance Loss Settlements after an Eligible Disaster*, and not under the claims proceeds requirements of Section 58.10(a). Except as specifically set forth in Section 68.3, all other provisions of Section 58.10 will continue to apply.

## **PROVISIONS TO EXPEDITE FREDDIE MAC DEFAULT LEGAL MATTERS**

Freddie Mac instructs its Servicers to follow applicable State laws when handling Freddie Mac Default Legal Matters, such as a foreclosure. Some States have procedures for quickly completing foreclosures that may be advantageous to Freddie Mac and consistent with the Servicer's obligation to mitigate Freddie Mac's losses.

In order to provide guidance to Servicers about when to take advantage of these procedures on Freddie Mac Default Legal Matters, we have developed Chapter A66. With the development of this new chapter, Servicers are authorized to proceed with the various methods available to expedite Freddie Mac Default Legal Matters. Prior to utilizing any of the expedited methods outlined below, Servicers must review the requirements provided in Chapter A66. Under the new chapter, Servicers are authorized, among other things, to:

- Waive rights to pursue a deficiency after a foreclosure sale
- Provide a relocation incentive to Borrowers willing to enter into consent judgments for Mortgaged Premises located in Illinois
- Obtain default judgment for less than the full amount owed by the Borrower in order to obtain an expedited default judgment
- Utilize bulk trial foreclosures in Florida

Servicers must work with their law firms to determine the best method for handling Freddie Mac Default Legal Matters prior to proceeding with any of the methods provided in Chapter A66.

Applicable sections in Chapter 66, *Foreclosure*, have been revised to reflect these changes.

## **SERVICING REQUIREMENTS FOR BORROWERS WHO ARE SERVICEMEMBERS AND THEIR DEPENDENTS**

Servicers have contacted Freddie Mac with questions about our SCRA Guide chapter, Chapter 82, formerly, *Special Servicing and Reporting Requirements for SCRA-Capped Mortgages*, and now retitled, *Servicing Requirements for Borrowers who are Servicemembers and Their Dependents*. We are updating Chapter 82 to simplify our requirements relating to the SCRA and State Military Relief Laws (as the term "State Military Relief Laws" is defined in Chapter 82) and explain Servicer responsibilities to effectively implement military relief legal protections.

As part of this revision, we are eliminating the requirement that Servicers collect and report official documentation of a Servicemember's disability or death and available government benefits in the event a Servicemember dies or becomes disabled while on active duty.

Additionally, to highlight Freddie Mac's commitment to our active duty Servicemembers and their families and to recognize the sacrifice they make each and every day, we have created Section 82.2(c) to include the additional foreclosure relief Freddie Mac provides to Servicemembers and their Dependents. We have also repurposed Section 82.3, now titled, *Other Relief and Workout Options*, to remind Servicers of their responsibilities to evaluate Servicemembers and their Dependents for the most appropriate relief or workout option from Freddie Mac's existing options when a Servicemember or Dependent: (i) does not qualify for Mortgage relief under the provisions of the SCRA or State Military Relief Laws; or (ii) qualifies for Mortgage relief under the provisions of the SCRA or State Military Relief Laws, but chooses to explore other relief options.

## **PROPERTY INSPECTIONS**

### **Effective November 1, 2013**

We have revised our property inspection guidelines for properties meeting the requirements set forth in Section 65.33, *When to Order a Property Inspection*. Servicers are encouraged to begin implementing the new guidelines on September 1, 2013, if they are able to do so, but are required to implement the new guidelines no later than November 1, 2013. The new requirements are as follows:

- We will no longer limit the reimbursement of property inspections to those conducted within the applicable State foreclosure time lines in Exhibit 83, *Freddie Mac State Foreclosure Time Lines*. Any Guide-required monthly inspections completed outside of the State foreclosure time lines will be reimbursable via the expense reimbursement process.
- We have increased our reimbursable amount for required exterior property inspections from a maximum of \$10 per property inspection to a maximum of \$15 per property inspection
- To provide Servicers with increased ability to monitor for and mitigate against interior property damage of properties that are confirmed to be abandoned, we are:
  - Requiring Servicers to order the monthly property inspection as an interior inspection, and
  - No longer limiting the inspection completion time frame for property inspections to the period after the property was confirmed to be abandoned and the 30 days preceding the foreclosure sale
- The reimbursable amount for interior property inspections will no longer be limited to an aggregate of \$40; instead, each such inspection will be reimbursable up to a maximum of \$20 per interior inspection, if the inspection is required by the Guide
- We are introducing two new expense codes for use when State statutes or local ordinances require property inspections more frequently than Freddie Mac. In such cases, Servicers must use the appropriate ordinance expense code based on the required frequency of the inspections. Servicers must use the applicable Freddie Mac property inspection expense code, 404005 (Exterior Property Inspection) or 404007 (Interior Property Inspection), for the initial monthly property inspection. When necessary, the additional ordinance inspection(s) must be submitted to us for reimbursement using the applicable ordinance inspection expense code listed below:
  - 404016 (Ordinance Required Property Inspection (Weekly))
  - 404017 (Ordinance Required Property Inspection (Biweekly))

Sections 65.33 and 65.36, *Reimbursement of Property Inspections*, and Exhibits 57, *1- to 4-Unit Approved Expense Amounts*, and 74, *Expense and Income Codes for Expense Reimbursement Claims*, have been revised to reflect these changes.

**Reminder: Chicago Vacant Property Ordinance requirements**

Bulletin 2012-5 announced property inspection, preservation and the Freddie Mac Reimbursement System (“Reimbursement System”) submission requirements specific to Mortgaged Premises subject to Sections 13-12-125, 126, 127 and 135 of the Municipal Code of the City of Chicago. Those requirements are still in effect and are not being replaced by the new ordinance inspection requirements previously outlined within this Bulletin. Servicers should refer to Bulletin 2012-5 and Exhibit 59, *City of Chicago Vacant Property Ordinance Expense Codes*, for additional information.

**REIMBURSEMENT**

**Attorney fees and costs**

**Effective September 1, 2013**

As a follow up to Bulletin 2012-25, Freddie Mac is updating the Guide to provide new requirements for reimbursement of attorney fees and costs related to contested foreclosures and mediation where pre-foreclosure mediation is required by State or local law.

***Contested foreclosures***

We have updated our list of reimbursable expenses to allow additional attorney fees for handling a contested foreclosure, which requires additional action or litigation to resolve a disputed matter and proceed with the foreclosure. Given that such action would generate additional attorney fees that potentially exceed expense limits in Exhibit 57A, *Approved Attorney Fees and Title Expenses*, we have streamlined the review and pre-approval (RPA) of additional attorney fees that are incurred as the result of a foreclosure action becoming contested or litigated.

Freddie Mac has created a new expense code category in the Reimbursement System titled “Contested Foreclosure” for contested foreclosure actions that exceed the expense limits in Exhibit 57A. All attorney fees pre-approved and/or paid using the expense codes that are part of the Contested Foreclosure expense code category will be in addition to the allowable foreclosure attorney fee provided in Exhibit 57A.

Certain expense codes in the Contested Foreclosure expense code category were created to account for atypical contested foreclosure actions taken by a default-related legal services law firm to resolve the dispute and proceed with a foreclosure action. These actions require that the Servicer use expense codes 010018 (Contested Foreclosure Fee – Other (Judicial)) and 010023 (Contested Foreclosure Fee – Other (Non-Judicial)) to request written pre-approval for, and subsequent reimbursement of, the additional legal fees associated with the contested foreclosure.

### ***Mediation***

We are updating the Guide to state that we will approve RPAs through the Reimbursement System for reimbursement of mediation fees and court costs up to \$875 for attendance and appearance at the initial mediation hearing or conference and up to two additional mediation hearings or conferences when Freddie Mac determines that applicable law requires participation in a pre-foreclosure mediation program. Freddie Mac will conduct additional review to approve RPAs of mediation fees and court costs in excess of \$875, or in any amount in any State or jurisdiction where Freddie Mac has not determined that applicable law requires a pre-foreclosure mediation program.

Sections 67.18, *Reporting and Notification Requirements for Freddie Mac Default Legal Matters*, 67.26, *Reimbursement of Expenses Related to Property Seizures*, and 71.19, *Reimbursement of Fees and Costs Incurred during Legal Proceedings*, and Exhibits 57A and 74 have been revised to reflect these changes.

### **Title work expense limits**

#### **Effective September 1, 2013**

As a follow up to Bulletin 2012-25, Freddie Mac is updating the allowable amounts reimbursable to Servicers in certain jurisdictions for expenses incurred for title work as part of the foreclosure process, or incurred outside of the foreclosure process in which such costs are not permitted to be capitalized in a loan modification and are reimbursable to a Servicer.

Exhibit 57A has been updated to revise the maximum allowable amounts effective for all reimbursement claims submitted **on or after September 1, 2013**.

Costs set forth in Exhibit 57A for title work required for foreclosures include the cost of an update to the title if required by the State, or to ensure clear and marketable title to the Mortgaged Premises after the foreclosure sale. Freddie Mac will not reimburse for any additional title abstract, commitment or policy. If the Servicer must obtain an additional update to the title because the original is stale due to bankruptcy delay, Freddie Mac will reimburse the Servicer up to \$75 for the update. Servicers must contact Freddie Mac for written pre-approval for an additional update if the title becomes stale for any other reason.

Section 71.19 has been updated to reflect these changes.

### **Condominium, HOA and PUD assessments in super lien States**

#### **Effective for Mortgages that went to foreclosure sale on or after August 1, 2013**

Pursuant to the requirements set forth in Section 66.29, *Expenses that May Become First Liens on the Property*, Servicers are required to pay any condominium, HOA and PUD regular assessments prior to the foreclosure sale date if they are, or may become, a First Lien priority on the Mortgaged Premises or that if not paid, would result in the subordination of Freddie Mac’s interest in the Mortgaged Premises. With this Bulletin, we are announcing that we will no longer limit the reimbursement of any such Guide-required advances to six months; the reimbursable amount will instead be limited to the lesser of:

- The actual amount in regular assessments advanced by the Servicer
- The maximum amount in regular assessments that, per the project declaration or bylaws, would take priority over the Mortgage

- The maximum amount in regular assessments that, per applicable State statute, would take priority over the Mortgage

***Reimbursement process for condominium, HOA, and PUD assessments with assessment periods that exceed six months***

Where consistent with the reimbursement requirements outlined in the preceding paragraph and stated in Section 71.18, *Reimbursement of Condominium, HOA and PUD Fees, Assessments and Ground Rent*, a Servicer may seek reimbursement for the portion of applicable assessments that was paid by the Servicer and not covered by the previous six month reimbursement limit. In order to receive reimbursement for this portion of assessments, the Servicer must, prior to the initial claim submission, submit an RPA for the applicable portion of assessments via the Reimbursement System. When submitting an RPA for these assessments, the Servicer must include any information or documentation needed to verify that the submission meets the reimbursement guidelines outlined above. This documentation may include, but is not limited to, the relevant section of the project declaration or bylaws.

Sections 71.18 and 71.30, *Standard Supporting Documentation for Expense Reimbursement*, have been revised to reflect these changes.

**SUBMITTING EXPENSE REIMBURSEMENT CLAIMS**

In Bulletin 2009-11, Freddie Mac announced the temporary extension of the time frame that Servicers have to submit 104SF claims. The time frame for the submission of the initial claim for Real Estate Owned (REO) events, and the submission of the final claim for non-REO events were both extended from 30 days to 45 days.

With this Bulletin, we are announcing that the temporary submission time frame extension provided in Bulletin 2009-11, is now permanent. We have updated Section 71.13, *Claim Submission Types and Time Frames*, to reflect the 45-day submission time frame.

Servicers are reminded that late submission of 104SF claims may result in the curtailment or denial of payment.

**UNEMPLOYMENT FORBEARANCE**

We are updating the Guide to amend the requirement that the Servicer request updated Borrower documentation to evaluate the Borrower for another alternative to foreclosure no more than 60 days prior to the expiration date of an extended unemployment forbearance plan or upon Borrower notification of re-employment.

Instead, we are now requiring that the Servicer evaluate the Borrower for another alternative to foreclosure prior to the expiration date of the extended unemployment forbearance plan or upon Borrower notification of re-employment, whichever comes first, and in accordance with the evaluation hierarchy provided in Section 64.6(a).

Section A65.28, *Extended Unemployment Forbearance*, and Exhibit 93 have been updated to reflect these changes.

**ADDITIONAL GUIDE UPDATES**

**Bankruptcy cramdowns**

We are revising notification requirements in Sections 67.13, *Bankruptcy Cramdowns*, and 78.25, *Monthly Reporting and Remitting*, related to a proposed or confirmed bankruptcy cramdown plan.

**Custodial Accounts**

We are providing additional information in Sections 77.8, *Opening Custodial Accounts*, through 77.12, *Custodial Account Documentation Requirements*, to Servicers about how Custodial Accounts must be maintained. This includes reminding Servicers that the Custodial Accounts and the funds held within them must be free and clear of any and all liens or claims of others, including security agreements.

## **Freddie Mac Standard Modification exception requests**

In Bulletin 2011-16, Freddie Mac announced that Exhibit 95, *Freddie Mac Standard Modification Exception Transmittal*, must be used temporarily for submitting exception requests in connection with the information required for a Freddie Mac Standard Modification (“Standard Modification”) until Workout Prospector would be available to process such requests.

In our Single-Family Update e-mail on July 15, 2013, we announced the first in a series of enhancements to Workout Prospector. With this enhancement, Servicers must submit required information to support their Standard Modification exception requests via Workout Prospector under the “Comments” section and may also track each submission’s status during the review process. In addition, the enhancement allows for faster communication between Servicers and Freddie Mac, eliminates the need for additional documentation and leads to faster resolution of exceptions.

All Standard Modification exception requests must now be submitted via Workout Prospector. Freddie Mac will no longer review any exception requests submitted via Exhibit 95. With this Bulletin, Exhibit 95 is retired from the Guide.

## **Reporting and remittance requirements for modifications**

We are updating Section B65.26, *Reporting and Remittance Requirements*, to provide additional information regarding our reporting and remittance requirements for modifications.

## **Compensatory fees**

We have removed a duplicative sentence in Sections 78.47.1, *Reporting Noncompliance Compensatory Fees – All Loans*, and 78.47.2, *Electronic Default Reporting (EDR) Noncompliance Compensatory Fees*, and Exhibit 96, *Servicing Incentives and Compensatory Fees*, that addresses our fee assessment for the third violation or more, as it is already addressed within the fee grids.

## **Updates to Form 1207, Mortgage Insurance Information Disclosure Agreement**

In response to Seller/Servicer feedback, and in order to provide greater clarity, we have updated Form 1207, which was introduced in Bulletin 2013-6. The form now instructs Seller/Servicers to e-mail completed copies of the form to us at [MI\\_Questions@FreddieMac.com](mailto:MI_Questions@FreddieMac.com). The form also now provides a designated field for Seller/Servicers to include the name of their institution.

## **TRAINING**

To help Servicers understand the new and revised requirements announced in this Bulletin, we encourage registration in the [Freddie Mac Bulletin 2013-15 Overview](#) webinar.

Servicers should visit [Freddie Mac’s Learning Center](#) for additional Servicing training information and resources.

## **REVISIONS TO THE GUIDE**

The revisions included in this Bulletin impact the following:

- Chapters 64, 65, A65, B65, C65, 66, A66, 67, 68, 71, 76, 77, 78 and 82
- Form 1207
- Exhibits 57, 57A, 74, 93, 95, 96 and 1191A
- Glossary
- Directory

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2013-15 (Servicing) Guide Updates Spreadsheet available at <http://www.freddiemac.com/sell/guide/spreadsheets.html>.

## **CONCLUSION**

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE and select “Servicing.”

Sincerely,

A handwritten signature in cursive script that reads "Tracy Hagen Mooney".

Tracy Hagen Mooney  
Senior Vice President  
Single-Family Servicing and REO