



TO: Freddie Mac Servicers

September 15, 2014 | 2014-16

SUBJECT: SERVICING UPDATES

This *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin announces:

- **Foreclosure**
 - The combination and re-organization of Guide Chapters 66, *Foreclosure*, and A66, *Expediting Default Related Legal Matters*, for ease of reference
 - The new Freddie Mac Default Fee Appeal System
 - Updates to the allowable reimbursable amounts for attorney fees related to foreclosure and bankruptcy
 - Revisions to the title work expense limits for some jurisdictions
 - Updates to the Internal Revenue Service (IRS) Form 1099-C requirements
- **Alternatives to foreclosure**
 - The expansion of the eligible population of modified Mortgages that may receive reimbursement of certain expenses that are typically not capitalized during the modification process
 - Additional guidance on modifying a Mortgage that is secured by a leasehold estate
 - Updates to our lien priority requirements for modified Mortgages
 - Revisions to the Trial Period Plan requirements for Borrowers in bankruptcy
 - Additional requirements related to Texas Equity Section 50(a)(6) Mortgages
 - The requirement for Servicers to download and retain the required settlement data for each modification submitted via the “Loan Modification Settlement” screen in Workout Prospector®
- Updates to application of Servicemembers Civil Relief Act (SCRA) provisions for Servicemembers and their Dependents
- Enhancements to Guide Form 1205, *Post-Settlement Correction Request*
- Updates to our reporting requirements for partial reinstatements

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.

FORECLOSURE

Chapters 66 and A66 reorganization

We are combining Chapters 66 and A66. The revised layout will enhance readability, eliminate deleted sections and streamline the review of our foreclosure-related Guide sections.

All applicable Guide cross-references have also been updated as a result of this re-organization. An outline of the re-organization indicating the old and new locations of specific content is included in the Bulletin 2014-16 (Servicing) Guide Updates Spreadsheet available at http://www.freddiemac.com/singlefamily/guide/docs/bl1416_spreadsheet.xls.

Appeals of foreclosure-related compensatory fees

We are announcing the Freddie Mac Default Fee Appeal System, a new web-based system for Servicers to submit appeals of State foreclosure time line compensatory fees. The introduction of this system will provide greater clarity, transparency and interaction between Servicers and Freddie Mac as it relates to appeals of State foreclosure time line compensatory fees. This system, and associated forms and templates, will be made available on **October 27, 2014** and use of the system for submission of foreclosure time line compensatory fee appeals will be mandatory on **January 1, 2015**.

In the future, the Default Fee Appeal System will also be used for submissions of appeals related to late foreclosure sale reporting compensatory fees. We will provide Servicers with notification once this functionality becomes available.

Submitting appeals to Freddie Mac

Effective for all foreclosure sales that are completed on or after November 1, 2014 and that result in a State foreclosure time line compensatory fees (where appeals would be submitted on or after January 1 2015), Servicers or their authorized Servicing Agents must submit appeals of the foreclosure time line compensatory fees through the new Default Fee Appeal System.

We have updated the re-organized Guide Section 66.44.2, *State Foreclosure Time Line Performance Assessment*, to require submission of appeals through the Default Fee Appeal System. Servicers may start to use this system prior to the mandatory effective date of January 1, 2015 if they are able to do so; however, Servicers must use this system to submit their appeals beginning on January 1, 2015. We will not accept appeals of foreclosure time line compensatory fees through the NPL_Invoices@freddiemac.com mailbox beginning on January 1, 2015. Appeals sent to that mailbox will not be reviewed.

As part of this effort, we have developed a template for bulk appeal submissions for State foreclosure time line compensatory fees. Servicers can access the template via a Default Fee Appeal System web page that will be available upon deployment on October 27, 2014. This will allow Servicers to submit more than one compensatory fee appeal at a time. Instructions on using the bulk upload process will be available on the Default Fee Appeal System web page; Servicers will be notified of the web address for the new Default Fee Appeal System web page upon deployment.

We have updated Guide Exhibit 88, *Servicing Tools*, to include a reference to the Default Fee Appeal System.

Servicer access to the Default Fee Appeal System

In order to use the Default Fee Appeal System by the effective date, Servicers (and Servicing Agents) must submit the applicable forms, as described below, to enroll authorized users as “Default Fee Appeal Specialists” sufficiently in advance of January 1, 2015 to allow Freddie Mac time to process the form(s). While Servicers and Servicing Agents may not begin registering new users until October 27, 2014, they are encouraged to do so beginning on that date. Authorized users must be fully registered at least 30 calendar days prior to the effective date in order to have access by the mandatory effective date of January 1, 2015.

The “Default Fee Appeal Specialist” user role enables the user to submit, view or search appeals for State foreclosure time line compensatory fees. Once functionality has been updated for submission of appeals of late foreclosure sale reporting compensatory fees, all “Default Fee Appeal Specialists” will also be able to access appeals related to such compensatory fees.

We have created the following forms to enable Servicers and their authorized Servicing Agents access to the Default Fee Appeal System:

- Form 903, *Freddie Mac Default Fee Appeal System Authorized User Roles Form – For Use by Servicers Only*
- Form 903A, *Addendum to Freddie Mac Default Fee Appeal System Authorized User Roles Form – For Use by Servicers Only*
- Form 903SA, *Freddie Mac Default Fee Appeal System Authorized User Roles Form - For Use by Servicing Agents Only*
- Form 903ASA, *Addendum to Freddie Mac Default Fee Appeal System Authorized User Roles Form - For Use by Servicing Agents Only*

To designate an authorized employee(s) to this new user role, Servicers or authorized Servicing Agents must complete and submit Form 903 or Form 903SA, as applicable, together with Form 903A or Form 903ASA, if needed. Following the receipt of the applicable completed form(s), Freddie Mac will e-mail User IDs for all authorized users to the Servicer's or Servicing Agent's designated Default Fee Appeal System External Servicing Administrator. Directions on submitting the completed forms will also be available on October 27, 2014 via the Default Fee Appeal System web page.

Servicers and their Servicing Agents must review new Exhibit 94, *Freddie Mac Default Fee Appeal System User Agreement*, ("User Agreement") and comply with its terms. This User Agreement supersedes any other Default Fee Appeal System terms of use document signed by the Servicer. By virtue of the Servicer's and its Servicing Agent's use of the system, the Servicer and Servicing Agent agree to, and are deemed to be bound by:

- All of the provisions of the Default Fee Appeal System User Agreement set forth in Exhibit 94 to the same degree as if the Servicer or Servicing Agent has signed such Agreement as a "User"
- Chapter 3, *Special Requirements for Electronic Transactions*, and Section 50.3.1, *Electronic Transactions*, and
- All other applicable terms and conditions of the Guide and other Purchase Documents

Allowable reimbursable amounts for attorney fees related to foreclosure

Effective October 20, 2014

Freddie Mac is updating the approved attorney fee amounts for which it will reimburse Servicers for uncontested foreclosures in certain jurisdictions in Exhibit 57A, *Approved Attorney Fees and Title Expenses*. These changes will be effective for all reimbursement claims submitted in the Freddie Mac Reimbursement System **on or after October 20, 2014**.

The updated approved attorney fees for an uncontested foreclosure will apply to reimbursement claims filed:

- On all pending foreclosures for which reimbursement claims will be submitted on or after October 20, 2014, and
- On foreclosure actions completed, whether through Freddie Mac's acquisition of the Real Estate Owned (REO) or completed as a non-REO event or activity, within the appropriate claim submission time frames set forth in Section 71.13, *Claim Submission Types and Time Frames*, as of October 20, 2014

District of Columbia

In light of recent legislative and court developments in the District of Columbia, Freddie Mac has established approved judicial foreclosure attorney fees in the amount of \$2,300 to recognize that the filing of a judicial foreclosure may be necessary or in Freddie Mac's best interest based on the individual circumstances or characteristics of a Mortgage and/or Mortgaged Premises that is the subject of the foreclosure.

Servicers and their counsel must use their discretion to determine if the filing of a judicial foreclosure is warranted in the District of Columbia for a particular Mortgage. As a reminder, in States or jurisdictions where the Servicer has the option of pursuing a judicial or non-judicial foreclosure process, the Servicer must choose the foreclosure process pursuant to re-organized Section 66.9, *Choosing a Judicial or Nonjudicial Foreclosure Process*.

In the event a Servicer determines that the filing of a judicial foreclosure is warranted in the District of Columbia, the foreclosure time line requirements set forth in re-organized Section 66.44, *State Foreclosure Time Lines*, will remain in effect and will not be waived.

Default-related legal services included in foreclosure attorney fees

To ensure Servicers and their counsel have a clear understanding as to what default-related legal services are typically included in the approved attorney fees for an uncontested foreclosure, Freddie Mac has updated Section 71.19, *Reimbursement of Fees and Costs Incurred During Legal Proceedings*. The foreclosure attorney fees listed in Exhibit 57A generally include, but are not limited to, the following services:

- All activities necessary to complete the first legal action
- Review of supporting documentation and loan status

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- Verification that the Borrower is not a Servicemember currently serving a Period of Military Service (as those terms are referenced in Section 82.1, *Overview*), or if the Borrower was a Servicemember, that more than one year has elapsed since his or her Period of Military Service ended. At a minimum, verification should be completed following the referral of a Mortgage to foreclosure but prior to the first legal action, and again prior to foreclosure sale.
 - Review of title examination
 - Preparation and filing of all necessary papers and notices including the publication and posting of notices of foreclosure or other legal proceedings as required by State or local law, as well as obtaining service of process on all defendants or parties entitled to notice
 - Obtaining orders for alternate or special service, if doing so will expedite service of process at little or no additional cost
 - All necessary court appearances required in an uncontested foreclosure
 - Preparing documentation for and obtaining entry of judgment in a judicial foreclosure action or preparing all documentation necessary to conduct the foreclosure sale in a non-judicial foreclosure action
 - Handling the foreclosure sale
 - Preparation and recording of conveyance deeds

If, during the pendency of a foreclosure, a Servicer relies upon its foreclosure counsel, as a vendor, to perform or handle services associated with Servicer functions, including Delinquency management requirements as provided in Chapters 63, *Delinquency Management for Mortgages Secured by Primary Residences*, through Chapter 68, *Servicing Mortgages Impacted by a Disaster*, then any additional fees or service charges billed by a law firm should be paid by the Servicer at its own expense. (See Section 71.24, *Non-Reimbursable Expenses*, regarding non-reimbursable expenses.)

Additionally, in order for Servicers to appropriately monitor the foreclosure, re-organized Section 66.13, *Servicer's Responsibility to Work with Foreclosure Counsel*, has been updated to include that Servicers must ensure foreclosure counsel complies with the SCRA and all State Military Relief Laws as they apply to any Borrower or Mortgage, including verification that the Borrower is not a Servicemember currently serving a Period of Military Service, or if the Borrower was a Servicemember, that more than one year has elapsed since his or her Period of Military Service ended.

Bankruptcy attorney fee reimbursement limits

Effective October 20, 2014

Freddie Mac is updating the approved attorney fee amount for which it will reimburse Servicers for certain bankruptcy services. These changes will be effective for all reimbursement claims submitted in the Reimbursement System on or after **October 20, 2014**. Exhibit 57A has been updated to reflect these revisions.

Title work expense limits

Effective October 20, 2014

Freddie Mac is updating the allowable amounts that are reimbursable to Servicers in Maryland, Ohio and Virginia for expenses incurred for title work either as part of the foreclosure process, or incurred as part of the mortgage modification process when the reimbursable costs are not permitted to be capitalized in a mortgage modification. The revisions to the maximum allowable amounts will be effective for all reimbursement claims submitted in the Reimbursement System on or after **October 20, 2014**. Exhibit 57A has been updated to reflect these revisions.

IRS Form 1099-C requirement changes

We are reminding Servicers that in the situation where a deficiency is not preserved through foreclosure (as may be allowed per re-organized Section 66.19, *When to Preserve Deficiency Rights*), the Servicer is responsible for filing IRS Form 1099-C, *Cancellation of Debt*, (per Section 55.3.1, *IRS Form 1099-C, Cancellation of Debt*), in addition to filing IRS Form 1099-A, *Acquisition or Abandonment of Secured Property*, (per Section 55.3, *IRS Form 1099-A, Acquisition or Abandonment of Secured Property*).

When a deficiency balance is preserved through foreclosure per Section 66.19, the Servicer is required to work with Freddie Mac, or our retained vendors, per re-organized Section 66.38, *Working with Vendors to Collect Deficiencies*, and to provide the documentation and information needed to pursue deficiency collection activities. In cases where Freddie Mac, or its retained vendors, pursue the deficiency balance, the Servicer will not be responsible for filing IRS Form 1099-C as Freddie Mac will do so via its retained vendors.

However, there may be situations where Freddie Mac, or its retained vendors, make the determination post-foreclosure not to pursue deficiency collections. In these situations it remains the Servicer's responsibility to file IRS Form 1099-C. We have updated re-organized Sections 66.43, *Reporting to the IRS*, and 55.3.1 to clarify that this remains the Servicer's responsibility.

We have amended Section 55.3.1(d) to include new identifiable events in which a debt is to be considered cancelled, specifically referencing the situation in which Freddie Mac, or its retained vendors, make the determination, post-foreclosure, not to pursue deficiency collections. Additionally, we will begin to produce an annual report, entitled "Servicer 1099-C filing report" within Default Reporting ManagerSM that will list all Mortgages owned or guaranteed in whole or in part by Freddie Mac whereby Freddie Mac has determined not to pursue collection of the deficiency and the debt is cancelled. The link can be found at <http://www.freddiemac.com/singlefamily/service/tools.html>. This report will be made available in early January each year to reflect all loans with debt cancellations for the prior calendar year. Once this report is made available (the first annual report will be available in January 2015), Servicers must review each new annual report by the end of January, and ensure that IRS Form 1099-C is filed with the IRS as required in Section 55.3.1(e) and is provided to the Borrower as required in Section 55.3.1(f).

ALTERNATIVES TO FORECLOSURE

Modification expense reimbursements

Effective March 1, 2015

Freddie Mac is expanding the eligible population of modified mortgages that may receive reimbursement of certain expenses that are typically not capitalized during the modification process. Currently, only Home Affordable Modification Program (HAMP[®]) modifications are eligible for such reimbursement. Freddie Mac will allow such reimbursements for all mortgage modifications with a settlement date in Freddie Mac systems on or after September 1, 2014, regardless of the modification type, as provided in Chapters B65, *Workout Options*, and C65, *Home Affordable Modification Program*, or other applicable Purchase Documents.

Effective March 1, 2015, Servicers may begin submitting claim requests through the Reimbursement System for reimbursement of the following expenses that would otherwise be paid by the Borrower and that may not be capitalized in the modification.

Expense Description	Expense Code	Expense Limit
Recordation fees	300003	Actual cost
Title costs, if applicable	300004	Reimbursable amounts are in accordance with the limits specified in Exhibit 57A
Notary fees	042001	\$150
HVE	400003	\$150

Exhibit 74, *Expense and Income Codes for Expense Reimbursement Claims*, has been updated to reflect these changes. Refer to Sections B65.23, *Expenses, Delinquent Amounts and Capitalization Rules*, C65.8, *Other General Requirements*, and 71.13 for additional information about expense reimbursement.

Claim submission time frames

When submitting initial and supplemental claim types for modification expense reimbursement, Servicers must comply with the requirements under Section 71.13 in addition to the claim submission time frames outlined in this Bulletin. If the mortgage modification settlement date in Freddie Mac's system is prior to the effective date,

March 1, 2015, then Freddie Mac will provide additional time for Servicers to submit claims for these mortgage modification expenses to ensure that Servicers are able to gather the appropriate invoices and ensure internal processes are updated.

Modification Expense Reimbursement Claim Submission Time Frames	
Mortgages with a Mortgage Modification Settlement Date on or after September 1, 2014 but prior to March 1, 2015	Mortgages with a Mortgage Modification Settlement Date on or after March 1, 2015
<p>Beginning March 1, 2015:</p> <ul style="list-style-type: none"> Initial claims for expense reimbursement must be submitted to Freddie Mac no later than 90 days from the effective date of March 1, 2015 Supplemental claims for expense reimbursement must be submitted to Freddie Mac no later than 180 days from the effective date of March 1, 2015 (applicable for recordation fees only) 	<p>Beginning March 1, 2015:</p> <ul style="list-style-type: none"> Initial claims for expense reimbursement must be submitted to Freddie Mac no later than 90 days from the loan modification settlement date in Freddie Mac systems Supplemental claims for expense reimbursement must be submitted to Freddie Mac no later than 180 days from the loan modification settlement date in Freddie Mac systems (applicable for recordation fees only)

Retiring the current HAMP expense reimbursement process

Servicers may continue to submit claim requests for reimbursement of HAMP modification expenses in accordance with existing requirements under Section C65.8 and the Reimbursement System through February 28, 2015.

On and after March 1, 2015, Servicers must begin submitting claim requests in accordance with the revised requirements under Sections C65.8 and 71.13. As of that date, Freddie Mac will no longer accept any HAMP modification claim requests submitted under Section C65.8 requirements in effect prior to March 1, 2015.

Sections B65.23, C65.8 and 71.13 and Exhibit 74 have been updated to reflect these changes.

Modification eligibility for a Mortgage secured by a leasehold estate

Effective for evaluations conducted on and after November 1, 2014

As outlined in Chapter 41, *Special Warranties for Leasehold Estates*, a Mortgage secured by a leasehold estate is eligible for sale to Freddie Mac provided the original term of the lease (or any exercised option to renew the lease, or any renewal options that are enforceable by the leasehold mortgagee, whichever is applicable) does not terminate earlier than five years after the maturity date of the Mortgage. We are providing Servicers with guidance on modifying a Mortgage that is secured by a leasehold estate. In order for a leasehold Mortgage to be eligible for a modification, the term of the lease (or any exercised option to renew the lease, or any renewal options that are enforceable by the leasehold mortgagee, whichever is applicable), must not terminate earlier than five years after the maturity date of the proposed modified Mortgage.

In the event that the current term of the lease (or applicable renewal options) terminates earlier than five years after the maturity date of the proposed modified Mortgage, the term of the lease must be renegotiated in order to satisfy this requirement prior to offering the Borrower a Trial Period Plan.

Sections B65.12.1, *Freddie Mac Streamlined Modification*, B65.12.2, *Capitalization and Extension Modification for Disaster Relief*, B65.13, *Eligibility Requirements for a Freddie Mac Standard Modification*, and C65.4, *HAMP Eligibility*, have been updated to reflect this guidance.

Lien priority of modified Mortgages

We are updating Section B65.20, *Modified Mortgage Conditions*, to further define our lien priority requirements for modified Mortgages. A modified Mortgage must retain its First Lien position and be fully enforceable at the time of the modification, throughout its modified term, and during any bankruptcy or foreclosure proceeding involving the Mortgage.

Trial Period Plan for Borrowers in bankruptcy

Effective for loan modifications with a Trial Period Plan Effective Date on or after November 1, 2014

Freddie Mac requires the Servicer and its counsel to work with the Borrower or Borrower's counsel to obtain any court and/or trustee approvals required in accordance with local court rules and procedures prior to entering into a mortgage modification with a Borrower who has filed for bankruptcy protection. In order to accommodate this process, the Guide currently permits Servicers to extend a Trial Period Plan for up to two additional months (five months total). However, in response to Servicer feedback, Freddie Mac has decided to adjust this requirement.

We are revising our requirements to permit Servicers to extend Trial Period Plans for up to nine additional months (twelve months total) as necessary, to accommodate delays in obtaining court approvals or receiving a full remittance of the Borrower's Trial Period payments when they are made to a trustee. In the event of a Trial Period extension, the Borrower must make a Trial Period payment for each month of the Trial Period, including any extension month(s), in order to remain eligible for a modification. We also are adding clarifying language to ensure Servicers understand that they may revise Trial Period Plans to condition them on obtaining any necessary court and/or trustee approvals for Borrowers in bankruptcy and to address situations where a Borrower files for bankruptcy during the Trial Period.

In addition, we are requiring Servicers to attempt to obtain the release of the Mortgage from the bankruptcy plan on or before the conversion from a Trial Period Plan to a permanent modification. However, if the Servicer is unsuccessful in its attempt to have the Mortgage released from the bankruptcy plan, the Servicer may still convert the Mortgage to a permanent modification and must document the Mortgage file showing that the Servicer could not obtain a release from the bankruptcy plan despite its best efforts.

These changes apply to all Freddie Mac mortgage modifications; all other requirements of Freddie Mac mortgage modifications that are not directly impacted by the Borrowers' filing for bankruptcy protection remain in effect. Servicers will continue to be compensated for settling mortgage modifications pursuant to the incentive structure described in Exhibit 96, *Servicing Incentives and Compensatory Fees*. The extension of Trial Period Plans will not have a negative impact on the payment of Servicer incentives.

If the Servicer elects to use the interim month option (i.e., when there is no bankruptcy or for the month following receipt of necessary court or trustee approvals in the event of a bankruptcy extension) or extends the Trial Period Plan to accommodate a Borrower's bankruptcy filing, the Servicer must adhere to existing reporting requirements in Sections B65.21(a) and C65.11, *HAMP Activity Reporting Requirements*.

Sections B65.19, *Trial Period Plan Requirements*, C65.2, *HAMP Documentation*, and C65.7.1, *Foreclosure Actions and Borrowers in Bankruptcy*, have been updated to reflect these changes.

Texas Equity Section 50(a)(6) Mortgages

Effective December 1, 2014

In response to Servicer inquiries, we are providing additional requirements with respect to the modification of a Texas Equity Section 50(a)(6) Mortgage.

Texas Equity Section 50(a)(6) Mortgages are eligible for a modification under Chapters B65 or C65 and the Servicer must offer the Borrower a Trial Period Plan in accordance with Freddie Mac's requirements in these chapters if the Borrower is eligible and qualifies for a modification.

If the Servicer receives Borrower notification that the terms of the Trial Period Plan or subsequent modification agreement do not comply with the provisions of Article XVI Section 50(a)(6) of the Texas constitution, then the Servicer must complete and submit Form 1205 to Freddie Mac in accordance with the requirements of Section B65.21, *Other Conditions and Requirements*, and await further instructions.

We have also updated Section 51.3, *Servicing Facilities and Duties*, to reflect that the Servicer must notify Freddie Mac within seven Business Days of receipt of a Borrower's notification that the Servicer failed to comply with the provisions of Article XVI Section 50(a)(6) of the Texas constitution with respect to a Texas Equity Section 50(a)(6) Mortgage.

The Servicer must comply with any other required response time frames to claims of defects and any other complaints in accordance with the Texas constitution and Section 51.3(d).

Sections B65.21 and C65.7, *Modification Process*, and Directory 5 have also been updated in conjunction with these updates.

Updates to Mortgage modification settlement process

In Bulletin 2014-14, we introduced our new automated settlement process. Servicers may submit the required settlement data for a modification of a conventional First Lien Freddie Mac-owned or guaranteed Mortgage via the new “Loan Modification Settlement” screen in Workout Prospector prior to the mandatory effective date of December 1, 2014.

We are now requiring Servicers to retain a PDF download or printout of the required settlement data for each modification submitted via the “Loan Modification Settlement” screen in Workout Prospector. The PDF download is available for saving and/or printing up to the last day on which Freddie Mac processes modifications for the accounting cycle cutoff in each month (refer to the [due date calendar for monthly reporting and remitting](#)). Servicers must retain the PDF or printout in their Mortgage file or Servicing system. In addition, the Servicer must provide a digital copy of the PDF or printout to Freddie Mac for review upon request.

APPLICATION OF SCRA PROVISIONS FOR SERVICEMEMBERS

Effective August 26, 2014

As announced in our Single-Family Update e-mail dated August 26, 2014, to facilitate SCRA relief, Servicers are now able to accept alternative documentation to verify an eligible Servicemember’s military status when copies of the official military orders are not readily available. This Bulletin updates Sections 82.2, *Relief Options Exclusive to Servicemembers and their Dependents*, 82.4, *Applying SCRA Provisions*, and 82.7, *Accounting Reports and Remittances*, to reflect this change. This will streamline the process for Servicers to implement the financial protections and benefits offered by the SCRA and lower barriers for Servicemembers to meet documentation requirements to establish eligibility for certain SCRA protections.

We are also encouraging Servicers, who are not already doing so, to take steps to maximize the number of eligible Borrowers who take advantage of the SCRA interest rate cap by considering adoption of the following practices:

- Query the Freddie Mac loans they service with Note Rates greater than 6% against the [Defense Manpower Data Center](#) web page on at least a quarterly basis
- Proactively solicit those Borrowers whom they identify and who are currently serving or projected to serve a Period of Military Service to inform them of their benefits under the SCRA and how they may take advantage of them

Servicers may also refer to the Freddie Mac [Military Relief Options for Service Members](#) web page for a comprehensive list of “Best Practices” to maximize the number of military Borrowers who take advantage of the protections provided under the SCRA.

POST-SETTLEMENT CORRECTION REQUESTS

Based on feedback and recommendations that Freddie Mac has received internally and from Servicers, Form 1205 is being retitled from *Post-Settlement Adjustment Request* to *Post-Settlement Correction Request*.

We have also:

- Reformatted Form 1205 with a new look, including a new data element required for post-settlement correction requests related to mortgage modifications
- Added a new comments section and helpful links for an improved user experience

All applicable Guide cross-references have been updated as a result of the form name change.

ELECTRONIC DEFAULT REPORTING (EDR) REQUIREMENTS FOR PARTIAL REINSTATEMENTS

Effective November 15, 2014

We are updating Section A65.10, *Reporting and Processing the Reinstatement*, which outlines the requirements for the reporting and processing of reinstatements. Effective November 15, 2014, Servicers must notify Freddie Mac when accepting a partial reinstatement of a Mortgage that has been reported to Freddie Mac as 30 days or more delinquent, or a Mortgage in foreclosure in the prior month. Servicers are encouraged to implement this change as soon as possible.

As a reminder, when a Servicer is reporting a partial reinstatement, it must also notify Freddie Mac that the Borrower is on a repayment plan and provide Freddie Mac with the Due Date of Last Paid Installment (DDLPI).

ADDITIONAL GUIDE UPDATES

Systems license

To ensure that Guide licensing provisions appropriately cover the types of technology and intellectual property that Freddie Mac may provide or make available to Seller/Servicers in connection with the sale and/or Servicing of Mortgages, Freddie Mac is making the following changes:

- Deleting Section 2.17, *Software License*, which set forth terms and conditions applicable to Seller/Servicer's use of software and related documentation to the extent not covered by the terms of any other agreement between Freddie Mac and the Seller/Servicer
- Replacing deleted Section 2.17 with new Section 2.17, *Systems License*, which more broadly applies and sets forth terms and conditions applicable to Seller/Servicer's use of systems, software, applications and related documentation and output that are not covered elsewhere in the Guide or Purchase Documents by a separate license, user agreement, terms of use or similar document

As a result of these updates, we have deleted Section A1.8, *License Agreement*; this information can now be found within new Section 2.17.

Transfers of ownership and assumptions

We are updating Section 60.9, *Approval of the Application*, to provide Servicers with a process for notifying Freddie Mac of transfers of ownership and assumptions permitted under Sections 60.5, *Federal Restrictions of the Exercise of the Due-on-Transfer Clause*, and 60.6, *Additional Permitted Transfers of Ownership*.

Directory 5 charge-off DAR e-mail address revision

We are revising the e-mail address for submission of post-settlement correction requests to Post_settlement_correction@freddiemac.com; Directory 5 has been updated as a result of this change.

TRAINING

Servicers should visit the [Freddie Mac Learning Center](#) web page for Servicing training information and training resources.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters A1, 2, 51, 54, 55, 60, 63, 64, 65, A65, B65, C65, 66, A66, 67, 68, 70, 71, 78 and 82
- Forms 903, 903A, 903SA, 903ASA, 1065, 1128 and 1205
- Exhibits 57, 57A, 74, 83A, 88, 94 and 96
- Directories 5, 6 and 9

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2014-16 (Servicing) Guide Updates Spreadsheet available at http://www.freddiemac.com/singlefamily/guide/docs/bl1416_spreadsheet.xls.

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 black ink, appearing to read "Yvette W. Gilmore", with a long horizontal flourish extending to the right.

Yvette W. Gilmore
Vice President
Servicer Performance Management