



TO: Freddie Mac Servicers

May 18, 2016 | 2016-9

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

Homeownership education and delinquency counseling

- The option for Servicers to refer Borrowers to a HUD-approved counseling agency for [Early Delinquency Counseling](#) for Home Possible® Mortgages – **October 1, 2016 (New)**

EDR for Mortgages in repayment plans – July 1, 2016

- The extension of the deadline for implementation of previously announced revisions to [repayment plan reporting requirements](#) and elimination of a reporting requirement for repayment plans

Additional Guide updates and reminders

- Further updates and revisions 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.

HOMEOWNERSHIP EDUCATION AND DELINQUENCY COUNSELING

Effective October 1, 2016

Currently, the Servicer may use the services of a nonprofit third-party homeownership counseling agency to conduct counseling when offering Early Delinquency Counseling to Borrowers with Home Possible Mortgages, including Home Possible Advantage® Mortgages. Alternatively, the Servicer may conduct the counseling provided it has policies and procedures in place to offer the same kind of comprehensive counseling, budgeting and advising as a counseling agency.

As part of Freddie Mac’s continuing commitment to improve the effectiveness of the housing counseling network and to provide more flexibility to Servicers offering Early Delinquency Counseling for Home Possible Mortgages, we are providing Servicers the additional option to use the services of a HUD-approved nonprofit national counseling agency specified by Freddie Mac, without charge to the Servicer.

To refer a delinquent Borrower for counseling services provided by an agency, the Servicer must complete the “[Counseling Agency-Servicer Referral](#)” template in accordance with the instructions tab provided in the template. The instructions provide details for carrying out referrals to the agencies as well as a list of Mortgages that are ineligible for referral under the “Exclusions” section. The Servicer must send the referral via secure e-mail to Freddie Mac at FM_Counseling_Outreach@Freddiemac.com. After Freddie Mac receives the referral, Freddie Mac and the agency will contact the Borrower to offer counseling services to the Borrower.

For more information about the network of national counseling agencies, Servicers should visit <http://myhome.freddiemac.com/mortgage-help/trusted-advisors.html>.

Guide impacts: Guide Sections 9101.2 and 9102.4

EDR FOR MORTGAGES IN REPAYMENT PLANS

Effective July 1, 2016

Bulletin 2016-2 announced revised repayment plan reporting requirements with a mandatory implementation date of June 1, 2016. However, Servicers were encouraged to implement the revised requirements as early as possible.

In an effort to provide Servicers adequate time to prepare for these reporting changes, and in response to industry feedback, we are extending the previously announced mandatory date for implementing the repayment plan reporting requirements from June 1, 2016 to July 1, 2016. Servicers are still encouraged to implement the revised requirements as early as possible.

Additionally, we are removing the requirement that Servicers must report default action code 43 (Referred to foreclosure (EDI Term: Foreclosure Started)) if the Borrower fails to make payments due under the repayment plan. As a reminder, Servicers must discontinue reporting default action code 12 (Repayment Plan) if the Borrower fails to make payments due under the plan.

Guide impacts: Sections 9203.6 and 9203.11

ADDITIONAL GUIDE UPDATES AND REMINDERS

State foreclosure timeline compensatory fee supplemental assessments

In Bulletin 2016-5, we announced that:

- The temporary suspension of the assessment and billing of State foreclosure timeline compensatory fees in the District of Columbia, Massachusetts, New Jersey, New York and New York City had ended
- We would notify impacted Servicers via a supplemental assessment of State foreclosure timeline compensatory fees accrued for foreclosure sales that occurred from January 1, 2015 through February 29, 2016 (the "Suspension Period"), based on the retroactive State foreclosure timelines for these States outlined in Bulletin 2016-5

Earlier this month we notified impacted Servicers of the first of two State foreclosure timeline compensatory fee supplemental assessments. We then posted the supplemental assessments for the impacted Servicers on their Prior Year Compensatory Fee Analysis Reports. These reports display compensatory fees resulting from foreclosure sales in these States in 2015 (January 1, 2015 – December 31, 2015). If a Servicer does not find a supplemental assessment on its Prior Year Compensatory Fee Analysis Report, it is not subject to any compensatory fees for this period.

In the near future, we will notify impacted Servicers of the second (and final) supplemental assessment for compensatory fees resulting from foreclosure sales in these States in 2016 (January 1, 2016 – February 29, 2016). We will then post the final supplemental assessments for the impacted Servicers on their Year-to-Date Compensatory Fee Analysis Reports.

Reporting and notification requirements for the transfer of Freddie Mac Default Legal Matters

We are updating Section 9501.13(a) to provide that, for the transfer of Freddie Mac Default Legal Matters, once a Servicer has determined the eligible law firm(s) that will receive such file transfers, the notification to Freddie Mac must include:

- Servicer name and the six-digit Seller/Servicer number
- The nine-digit Freddie Mac loan number
- Servicer loan number
- Date of transfer
- Original law firm name
- New law firm name

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- Freddie Mac Default Legal Matter being transferred (e.g., foreclosure, bankruptcy proof of claim (POC) or bankruptcy motion for relief (MFR)) to the new law firm **(New)**
 - The State in which the Mortgaged Premises is located **(New)**

Guide impacts: Section 9501.13 and Directory 1

REO Glossary definition

We are updating the Glossary definition of REO to reflect that an REO may, in addition to being acquired by Freddie Mac through foreclosure or a deed-in-lieu of foreclosure, be acquired by Freddie Mac as a result of a legal process, such as a court order or judgment, in which a secured lender acquires title to real estate securing the mortgage debt.

Guide impact: Glossary

Reporting quality control, fraud, suspected fraud and other Suspicious Activity findings

As announced in Bulletin 2016-6, we have deleted Directory 2. Seller/Servicers must now submit postclosing quality control findings as follows:

- For findings that must be reported to Freddie Mac Quality Control as described in Section 3402.10, Seller/Servicers must e-mail Seller_Servicer_QC_Reporting@freddiemac.com
- For findings that must be reported to Freddie Mac Compliance as described in Section 3402.10, Seller/Servicers must e-mail Corporate_Compliance@freddiemac.com

Seller/Servicers must submit fraud, suspected fraud and other Suspicious Activity findings as follows:

- For all origination-based misrepresentation identified in Section 3402.10, Seller/Servicers must e-mail Freddie Mac Quality Control at Seller_Servicer_QC_Reporting@freddiemac.com
- For all other fraud, suspected fraud and suspicious activity identified in Section 3201.2(a), as well as Suspended Counterparty program list matches, Seller/Servicers must submit Freddie Mac's [Mortgage Fraud Reporting Form – Servicing](#), located at <http://www.freddiemac.com/singlefamily/preventfraud/>, or submit the information required in the form to the Freddie Mac Financial Fraud Investigation Unit (see Directory 1)

Guide impacts: Sections 3201.2, 3402.6 and 3402.10 and Directory 2

Condominium Project and Planned Unit Development (PUD) insurance requirements

Effective August 1, 2016

As announced in Bulletin 2016-6, we are revising certain Condominium Project and PUD insurance requirements. While these revisions impact Sellers, Servicers should familiarize themselves with the changes and note that Guide Chapter 8202 has been updated.

Guide impacts: Sections 8202.2, 8202.5 and 8202.6

NAVIGATING THE GUIDE ON ALLREGS® TRAINING

Servicers are encouraged to visit the Freddie Mac Learning Center to register for the new [“Navigating the Guide with AllRegs”](#) webinar, which provides:

- Information on the structure and features of the Guide
- Strategies for effectively searching the Guide
- Instructions for printing Guide content
- Best practices for using the Guide on AllRegs

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE and select option four for 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