



## Bulletin 2021-37

# Servicing

Issued 12/08/2021

**TO: Freddie Mac Servicers**

**SUBJECT: SERVICING UPDATES**

This Guide Bulletin announces:

- **Modification Agreement Updates**
  - Updates to [Modification Agreement](#) requirements
- **Hardest Hit Funds**
  - Retirement of [Hardest Hit Funds](#)
  - Updates to [HHF-related Guide form and exhibits](#) – **March 1, 2022**
- **Additional Guide Updates**
  - 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.

## MODIFICATION AGREEMENT UPDATES

To simplify the modification agreement process for Servicers and Borrowers, Servicers are no longer required to prepare two original modification agreements for the Borrower's signature, as previously described in [Guide Sections 9206.16](#) and [9206.17](#). Instead, the Servicer will deliver an unsigned copy of the modification agreement, together with any applicable riders and disclosures, and provide a date by which the Borrower must sign and return the executed modification agreement (and applicable riders and disclosures), which must be no more than 14 days from the date the Servicer sent the modification agreement.

Once the Borrower has signed the modification agreement and made the last required monthly payment due during the Trial Period and the Servicer determines the Borrower otherwise remains in compliance with the terms of the Trial Period Plan, the Servicer must sign the modification agreement and return a copy to the Borrower. The Servicer may not sign the modification agreement until the Borrower has signed the modification agreement and complied with all requirements of the Trial Period Plan.

Additionally, we are changing the requirement that the Servicer submit the fully executed original modification agreement for recordation within one Business Day of receiving either the Borrower executed modification agreement or the final Trial Period payment, whichever is later, to five Business Days to allow Servicers more time to complete the requirement.

Guide impacts: [Sections 9206.16](#) and [9206.17](#)

## RETIREMENT OF HARDEST HIT FUNDS

In February 2010, the federal government announced the Hardest Hit Fund (HHF) program with an objective of allocating Treasury's Troubled Asset Relief Program (TARP) funds to targeted areas that were impacted by the housing crisis and economic downturn. In Guide Bulletin 2010-25, we announced the Servicer requirements for participation in mortgage assistance programs under the HHF Program and subsequently updated the requirements in [Section 9211.1](#) in Bulletins 2011-18, 2011-24 and [2016-10](#).

As of June 30, 2021, mortgage assistance programs under the HHF program have expired. As a result, we are updating the Guide to retire [Guide Chapter 9211](#) and all references to the HHF accordingly.

Guide impacts: [Sections 9201.6](#), [9211.1](#), [9212.1](#), [9301.6](#) and [9301.7](#)

## Updates to HHF-related Guide forms and exhibits

**Effective March 1, 2022, but Servicers are encouraged to begin using the revised documents immediately**

In addition, we are announcing updates to [Guide Exhibit 93, \*Evaluation Notices\*](#), [Exhibit 1100, \*Payment Deferral Agreements\*](#), [Exhibit 1101, \*Disaster Payment Deferral Agreement\*](#), [Exhibit 1145, \*Borrower Solicitation Letter\*](#), and [Guide Form 710, \*Mortgage Assistance Application\*](#), to reflect the removal of HHF references and to add general references to mortgage assistance programs. Servicers are encouraged to begin using these revised documents immediately and before the mandatory effective date of March 1, 2022.

Servicers should refer to [Chapter 9212](#) for requirements regarding handling of third-party mortgage assistance funds.

Guide impacts: [Exhibits 93, 1100, 1101, 1145](#) and [Form 710](#)

## **ADDITIONAL GUIDE UPDATES AND REMINDERS**

### **Borrower-requested cancelation of Borrower-paid mortgage insurance**

We are clarifying that for Borrower-requested cancelation of Borrower-paid mortgage insurance based on current value where the Mortgage is seasoned less than two years, the Servicer may only approve such requests if it determines that the increased market value of the Mortgage Premises since the Origination Date is due to substantial improvements. Repairs that are made to keep the Mortgaged Premises maintained and fully functional are not considered "substantial improvements."

Additionally, we are clarifying that Servicers may be reimbursed for mortgage insurance premiums incurred after the DDLPI and before a deed-in-lieu of foreclosure or a third-party foreclosure sale has been successfully reported to Freddie Mac or a short sale has been settled on Freddie Mac systems.

Guide impacts: [Sections 8203.2, 8203.3](#) and [9701.7](#)

### **Delivery requirements for eMortgages**

For ease of navigation for Seller/Servicers, we have added the delivery requirements for electronically recorded paper modification agreements to the eNote Custodian for eMortgages to [Section 9206.17](#).

Guide impact: [Section 9206.17](#)

## **Updates from Bulletin 2021-36**

### ***Remote online audio/video storage***

Previously, [Section 1401.16](#) appeared to require Sellers to maintain a recording of the notarial act for Mortgages closed using the Remote Online Notarization (RON) process. We have updated the section to require:

- Current Servicers (instead of Sellers) to obtain the recording of the notarial act upon request, and
- RON technology providers to make arrangements with notaries to provide access to Sellers and Servicers, as it is a common practice for them to make arrangements with participating notaries to obtain access and store the RON audio/video recording

This update should make it easier for current Servicers to obtain the recording, if necessary, for enforcement purposes or upon Freddie Mac request.

Guide impact: [Section 1401.16](#)

### ***Foreclosure, bankruptcy and other legal proceedings for eMortgages***

We have updated the title of [Section 1402.11\(e\)](#) from "Servicers that must be the Note holder (Controller) in legal proceedings" to "Foreclosure, bankruptcy or other legal proceedings" for greater clarity.

Guide impact: [Section 1402.11](#)

### ***Genworth Mortgage Insurance Corporation name change to Enact***

#### **Effective February 7, 2022**

Genworth Mortgage Insurance Corporation will officially begin doing business as Enact Mortgage Insurance Corporation. The valid value for ULDD Data Point *MI Company Name Type/ MI Company Name Type Other Description* (Sort ID 413/414) will change from "Genworth" to "Enact" on August 1, 2022; the MI Code "01" will remain the same.

Guide impact: [Exhibit 10](#)

***Seller/Servicer oversight of Document Custodians*****Effective March 1, 2022**

We are requiring that Seller/Servicers have an oversight process to ensure their Document Custodians maintain all eligibility requirements. Seller/Servicers must notify Freddie Mac within one Business Day if a Document Custodian no longer meets one of our requirements.

We have also updated the Document Custodian eligibility requirements to require Document Custodians to:

- Maintain an acceptable risk threshold based on Freddie Mac's internal risk tolerance thresholds, or
- Have an Acceptable Net Worth of at least \$500,000,000

The prior requirement required Document Custodians to have an investment grade rating by a nationally recognized institution or have an Acceptable Net Worth of at least \$500,000,000. Servicers and Document Custodians will be notified if a Document Custodian is below the acceptable risk threshold and does not have an Acceptable Net Worth of at least \$500,000,000.

Finally, upon request, a Document Custodian is required to provide documentation showing its vaults receive annual fireproof certification.

Guide impact: [Section 2202.2](#)

**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 2021-37 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2021-37>.

**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