

# Bulletin

TO: Freddie Mac Servicers

October 12, 2022 | 2022-21

## SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

- **Updates to Resolve® and the retirement of Workout Prospector®**
  - The ability for Servicers to begin using Payment Deferrals and Flex Modifications through the [Resolve user interface \(UI\)](#) – **July 31, 2023**
- **Custodial account reconciliation requirement update agreement**
  - A clarification of the requirements needed to reconcile [custodial accounts](#)
- **Acknowledgement Agreement Incorporated Provisions**
  - The revision of [Guide Exhibit 33, Acknowledgement Agreement Incorporated Provisions](#), to clarify existing language and other changes
- **Additional Guide updates**
  - Further updates 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.

## RESOLVE UPDATE

**Servicers will have the ability to submit Flex Modifications in the Resolve user interface starting December 5, 2022, followed by Payment Deferrals in Q2 2023. Servicers must transition their processing for Payment Deferrals and Flex Modifications from Workout Prospector to Resolve no later than July 31, 2023.**

As part of our Reimagine Servicing® initiative, we continue to deliver additional capabilities to Resolve, an end-to-end default management solution that uses automation and seamless integration to deliver rapid results to Servicers. Servicers have the option to access Resolve from the UI, and/or from application programming interfaces (APIs). Resolve will replace Workout Prospector, which we intend to retire in 4Q 2023.

With this update, we are announcing expanded capabilities in the Resolve UI, which will provide Servicers with the ability to process Payment Deferrals and Flex Modifications to create operational efficiencies when evaluating Borrowers for these workouts, which includes COVID-19 and disasters.

- Starting on December 5, 2022, Servicers will be able to submit Flex Modification requests for eligibility decisioning and trial period plan approval in the UI. The ability to settle Flex Modifications will be released in Q1 2023. Once a Servicer evaluates a Borrower for a Flex Modification in Resolve, that workout must be completed in Resolve (i.e., a loan cannot be simultaneously evaluated for a workout in Resolve and Workout Prospector).
- Beginning in 2Q 2023, Servicers may begin processing Payment Deferrals through the UI. Additional details will be provided in a future Servicing Bulletin.
- Servicers must transition their processing of Payment Deferrals and Flex Modifications from Workout Prospector to Resolve, either through the Resolve UI or the Retention API, no later than July 31, 2023.

The Resolve UI will provide Servicers improvements and flexibilities when evaluating Borrowers for loss mitigation options including:

- A seamless workflow of the loss mitigation process (evaluation, Trial Period Plan, settlement and exception processing) without additional reporting to Freddie Mac
- Option to submit a single loan or multiple loan request
- Real-time workout response that includes
- Guide compliant eligibility results
- Actionable feedback
- Workout terms with critical data points (e.g., property valuation and mark-to-market LTV ratio calculation)

Because Resolve's rules-based decision engine delivers Guide-compliant workout results Servicers will not be able to enter terms derived from proprietary or third-party systems.

### Submitting Payment Deferrals and Flex Modifications using Resolve APIs

Servicers currently have the option to use Resolve APIs, which enable a direct connection to Resolve without leaving an existing default management or loss mitigation platform. The Workout Options API and Retention API enable Servicers to process Payment Deferrals and Flex Modifications through settlement (including exception requests). Servicers that are interested in Resolve APIs should review the information available on the [Resolve APIs web page](#).

### Access Management

For users that have already been provisioned for Resolve access, no further action is required to begin using the new capabilities as they become available.

For users new to Resolve, Access Manager administrators should log into [Access Manager](#) to provision new users, modify roles and/or assign any additional administrators.

If you are an executive or primary elevated administrator, you may grant access to a primary or secondary administrator, and you can provision your primary and/or secondary administrators to grant access to Resolve to any new users across your organization at any time. Note that executive and primary elevated administrators can also provision the tool directly to the user as needed.

If you are a primary or secondary administrator, contact your executive or primary elevated administrators who may grant you permission to provision user access to Resolve via Freddie Mac Access Manager.

Servicers that are not enrolled with Freddie Mac Access Manager must enroll in Access Manager to use Resolve. Get started by submitting the [Access Manager Get Started Form](#).

Upon submission, a Freddie Mac representative will respond within two Business Days to assist with getting the organization set up and ready to access Resolve.

For Servicers and their Authorized Users, use of Resolve will be governed by the Master Systems License (see Guide Section 2401.1) and the System-Specific License for Servicing Tools and Systems (see Guide Chapter 2404).

### Available training

As new Resolve functionality becomes available, training will be available through [Resolve training web page](#) on Freddie Mac Learning.

Guide impacts: Sections 2404.2, 9206.5, 9206.7, 9206.8, 9206.10, 9206.11, 9206.13, 9206.16, 9206.17 and Exhibit 88

## CUSTODIAL ACCOUNT RECONCILIATION REQUIREMENTS

Servicers are required to reconcile all Freddie Mac custodial accounts within 45 days of the end of each Accounting Cycle. Reconciliation of the custodial accounts enables the Servicer to:

- Identify, at the loan level, variances between the Servicer's receipts, cash disbursements and liabilities due to third parties and Freddie Mac's records

- Identify and correct the root cause of the items causing the variance
- Notify Freddie Mac of errors in Freddie Mac's records
- Fund and clear all variances (overages and shortages), even if the Servicer has not identified the root cause, no later than 90 days from the end of each Accounting Cycle. However, Freddie Mac reserves the right to request that funding occur immediately.

With this update we have adjusted the above requirements to clarify that as part of the Servicer's reconciliation process, they must not only fund identified shortages but also clear any other variances (i.e., overages must also be rectified).

Guide impacts: Sections 8304.13, 8304.14 and 8304.18

## EXHIBIT 33 UPDATE

We have updated Exhibit 33, which is required for transactions where a Servicer needs Freddie Mac's consent to pledge Servicer's Servicing Contract Rights as collateral for financing. We have updated Exhibit 33 to:

- Clarify existing language,
- Make the exhibit consistent with other Guide changes, and
- Remove unused provisions that were inconsistent with our programs

Guide impact: Exhibit 33

## ADDITIONAL GUIDE UPDATES

### Servicer MERS® eRegistry requirements

We have updated the language in Section 1402.14 to be consistent with recent updates from Bulletins 2022-16 and 2022-17.

Guide impact: Section 1402.14

### Updates from Bulletin 2022-20

#### ***Seller/Servicer financial eligibility requirement Guide updates***

#### **Effective September 30, 2023, unless otherwise indicated in [Bulletin 2022-19](#)**

As announced in Bulletin 2022-19, at the direction of the FHFA and in coordination with Fannie Mae, we are revising our Seller/Servicer minimum financial eligibility requirements to better manage Freddie Mac's counterparty risk exposure. With this Bulletin, we are updating the Guide to reflect these new requirements.

Guide impacts: Sections 2101.1, 2101.2, 2101.4 and 2301.2

#### ***Grant of security interest***

We now require each Seller/Servicer, as a condition of their eligibility to continue doing business with Freddie Mac, to grant to Freddie Mac a security interest in the Servicing Contract Rights that they hold related to Mortgages Freddie Mac owns or guarantees as collateral for Freddie Mac's Claims and other Seller/Servicer obligations. We have updated the Guide to include the Seller/Servicer's:

- Grant of this security interest to Freddie Mac
- Authorization of Freddie Mac to file a UCC financing statement at Seller/Servicer's expense

New Guide Exhibit 105, *Pledge and Security Agreement*, also reflects the Guide language and may operate as a standalone security agreement under certain circumstances.

A Seller's use of Loan Selling Advisor® and/or a Servicer's use of Servicing Gateway constitutes an Electronic Transaction under which a Seller/Servicer agrees to the provisions of Section 1101.2(c)(vi) whereby the Seller/Servicer grants to Freddie Mac a security interest in and to the Freddie Mac Collateral (as defined in Section 1101.2(c)(vi)).

We have also updated the Guide to state that Freddie Mac's Claims related to the Seller/Servicer shall be deemed immediately and automatically due and payable, without the need for further action by Freddie Mac or any other party, upon the occurrence of a Transfer of Servicing of all or substantially all of the Servicer's Servicing Contract Rights, and upon other Claims Events.

We have added the following Glossary terms to the Guide: "Claims," "Claims Event" and "Freddie Mac's Claims."

Guide impacts: Sections 1101.2, 1101.3 (**new**), 2101.1, 3601.1, 7101.2, Glossary and Exhibit 105 (**new**)

#### ***Seller/Servicers and Tri-Party agreements***

To provide additional flexibility, we have expanded the number of Document Custodians that Seller/Servicers are permitted to contract with from five to 10. Section 2202.1 and the *Document Custody Procedures Handbook* have been updated to reflect this change.

Guide impact: Section 2202.1

#### ***Document Custody Procedures Handbook***

The updated *Document Custody Procedures Handbook* is now available on [Freddie Mac's website](#) and AllRegs. Notable changes include:

- Changes to our power of attorney requirements for Mortgages and eMortgages to better align with the Guide
- Removal of the requirement that Self-Custodians and Document Custodians covered under their parent's insurance policies must have Freddie Mac's prior written permission for any waiver or modification to our insurance requirements

## **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 2022-21 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2022-21>.

## **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