

Bulletin

To: Freddie Mac Servicers

December 13, 2023 | 2023-25

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

- **Delinquency reporting and COVID-19 hardships**
 - A reminder for reporting new [delinquencies related to COVID-19](#)
- **LIBOR replacement index**
 - An update to the [Refinitiv public replacement index name](#) for single-family ARMs
- **Servicing Mortgages secured by properties subject to resale restrictions**
 - An update to the requirements for Servicing Mortgages secured by [properties subject to resale restrictions](#)
- **Forbearance late notice and payment reminders**
 - Additional guidance on Servicer discretion in relation to [late notices/payment reminder letters](#)
- **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.

DELINQUENCY REPORTING AND COVID-19 HARDSHIPS

In Bulletin 2023-17, we issued requirements pertaining to the retirement of temporary Servicing guidance related to COVID-19. As part of that announcement, we provided requirements for COVID-19 Payment Deferral and Flex Modification evaluations, including the requirement that the Mortgage must have been reported with default reason code 032 in November 2023 (for October activity) for a hardship identified prior to November 1, 2023 and must continue to be reported as 032 until the evaluation date.

With this Bulletin, we are clarifying that the above requirement is not applicable to COVID-19 Flex Modification evaluations required to be completed by the Servicer when a Borrower who accepted a COVID-19 Payment Deferral subsequently becomes 60 days delinquent within six months of the effective date and the Servicer is unable to establish quality right party contact.

LIBOR REPLACEMENT INDEX

As announced in Bulletin 2023-23, Freddie Mac is updating the Refinitiv public replacement index names as a result of London Stock Exchange Group plc (LSEG) retirement of the Refinitiv brand, replacing “Refinitiv” with “FTSE” in its interest rate product names. With this Bulletin, we have updated the single-family ARMs Refinitiv public replacement index names in Guide Section 8502.2.



LIBOR resources

To learn more about the LIBOR transition, please visit:

- [Freddie Mac Reference Rate webpage](#)
- [LIBOR FAQs](#)
- [LIBOR Playbook](#)

Guide impact: Section 8502.2

SERVICING MORTGAGE RESALE RESTRICTIONS

In Bulletin 2023-24, we announced several updates to shared equity Mortgage requirements in response to industry feedback.

In accordance with that announcement, we have updated the requirements for Servicing Mortgages secured by properties subject to income-based resale restrictions. We now permit the subsidy provider to receive excess proceeds in situations where a sales price is over and above the resale restricted price originally agreed upon by the Borrower and subsidy provider and during cases of foreclosure or deed-in-lieu of foreclosure after Freddie Mac has been made whole.

Guide impacts: Sections 8104.9 and 8104.10

FORBEARANCE LATE NOTICE AND PAYMENT REMINDER LETTERS

We have updated the Guide to reflect changes previously announced in Bulletin 2020-21 in relation to late notices/payment reminder letters. Servicers are authorized to not send a late notice/reminder letter to a Borrower during an active forbearance plan term. This applies without regard to whether the Borrower's monthly payment is reduced or suspended during the forbearance plan term. Additionally, this applies to forbearance plans for Borrowers with any eligible hardship type.

Guide impact: Section 9102.4

ADDITIONAL GUIDE UPDATES

Voluntary partial cancellation

We have updated the Servicing advance reimbursement process and requirements for Servicers to participate in the Voluntary Partial Cancellation Program.

Guide impacts: Exhibits 30 and 31

Updates from Bulletin 2023-24

eMortgages

Guide Chapter 1402 updates

We have reorganized Chapter 1402 to improve the consistency, readability and searchability of our existing eMortgage requirements.

As part of this reorganization, we have updated a number of sections in Chapter 1402. The changes include, but are not limited to:

- Centralizing the information security and encryption requirements of the eClosing and eNote Vault Systems
- Adding instructions for eMortgage Servicers when sharing a copy of an eNote with a Document Custodian when converting an eNote to a paper Note or when eNotes are charged off
- Adding a statement to Section 1402.6 that the information security and business continuity planning requirements found in Chapter 1302 apply to eClosing and eNote Vault Systems

Guide impacts: Sections 1402.1 through 1402.14 and 1402.16 through 1402.18



Warehouse Lender eNote Vault review process

We have updated Sections 1402.8 and 1402.16 to simplify the Warehouse Lender eNote Vault review process by removing the requirement for Warehouse Lenders to submit initial and ongoing attestations that their eNote Vault System complies with Freddie Mac information security requirements.

Guide impacts: Sections 1402.8 and 1402.16

Remote Online Notarization

Effective January 1, 2024

We are updating Exhibit 48, *Permitted States for Remote Online Notarization*, to add California to the list of States that permit Remote Online Notarization.

Guide impact: Exhibit 48

International access restrictions for Freddie Mac Systems

We have updated the Guide to reflect that Freddie Mac may restrict access to its Systems (as defined in Section 2401.1(b)) from certain areas outside the United States.

Guide impact: Section 2401.1

Document custody

Financial rating for Document Custodians

We have updated the eligibility requirements for Document Custodians to include the following:

- Seller/Servicers acting as their own Document Custodians, or third-party Document Custodians that are affiliates of the Seller/Servicer, must have a financial rating of 130 or better from IDC Financial Publishing, Inc. (IDC) or C or better from Kroll Bond Rating Agency, Inc. (KBRA). Additionally, the Seller/Servicer must have a financial rating that meets or exceeds a long-term rating of BBB from Standard & Poor's or a long-term rating of Baa2 from Moody's.
- Third-party Document Custodians that are not affiliates of the Seller/Servicer must have a financial rating of 125 or better from IDC or C or better from KBRA

In all cases, if the Document Custodian is not a rated institution, the Document Custodian's parent or subsidiary must meet these standards.

Guide impact: Section 2202.2

Document custody forms

We have updated the document custody forms to:

- Align sections and corresponding terms among the forms
- Reflect recent Guide changes and requirements, including:
 - Revised definitions
 - Fraud screenings
 - Information security requirements
 - Electronic transaction terms
 - Confidentiality provisions
 - Electronic signatures
- Be consistent with current business operational practices

Guide impacts: Forms 1035, 1035A, 1035CS, 1035CSA and 1035DC



Document Custody Procedures Handbook

The Document Custodian Procedures Handbook has been updated to include information security requirements and provide additional information on “oversigning” and “undersigning” signature requirements on the Note.

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 2023-25 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2023-25>.

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