

Bulletin

To: Freddie Mac Servicers

April 10, 2024 | 2024-5

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

- **Freddie Mac action plans**
 - The renaming of [“action plans”](#) to [“performance monitoring plans”](#)
- **Home Affordable Modification Program (HAMP)**
 - Updated Guide Exhibit 93, *Evaluation Notices*, to remove the [instructional language related to HAMP](#)
- **Third-party foreclosure sale reporting**
 - A reminder of our current reporting and reimbursement procedures related to [third-party foreclosure sales](#)

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

FREDDIE MAC ACTION PLANS

Freddie Mac regularly monitors Seller/Servicers’ performance against certain standards and metrics. Should a Seller/Servicer’s performance fall below these benchmarks, they may be placed on an action plan to address specific unmet requirements. Following an internal review, Freddie Mac has renamed “action plans” to “performance monitoring plans” to better reflect the nature and intent of the plans.

Guide impacts: Sections 3601.1 and 9301.47

REMOVAL OF REFERENCES TO THE HOME AFFORDABLE MODIFICATION PROGRAM

In Bulletin 2022-26, we announced the termination of the Home Affordable Modification Program (HAMP). In Bulletins 2023-10 and 2023-14, we made several updates to remove applicable references to HAMP. With this update, we have updated Exhibit 93 to remove the instructional language related to HAMP and eligibility for HAMP “Pay for Performance” incentives.

Guide impact: Exhibit 93

THIRD-PARTY FORECLOSURE SALE REPORTING

We are reminding Servicers of our current reporting and reimbursement procedures related to third-party foreclosure sales. When a third party is the successful bidder at a foreclosure sale, the Servicer must:

- Report the results of the sale via the Freddie Mac Foreclosure Sale Reporting tool (see Exhibit 88, *Servicing Tools*) no later than one Business Day following the date of the foreclosure sale;
- Use Workout Prospector® to settle third-party foreclosure sale transactions if, after the foreclosure sale is confirmed and sale proceeds are received, the sale price was less than the total indebtedness* or if the Servicer has reimbursable expenses. Settlement must occur no later than 15 Business Days after receipt of sale proceeds; and
- Report the sale result in the Loan Level Reporting tool (see Exhibit 88) no later than two Business Days after the Servicer receives the proceeds from the third-party foreclosure sale



*If the net sale proceeds meet or exceed the total indebtedness (e.g., UPB, accrued interest, Escrow advances and expenses), then the Servicer should not settle the transaction via Workout Prospector.

The following table outlines what actions Services should take based on the amount of the net proceeds from a third-party foreclosure sale:

Net proceeds exceed the total indebtedness	Net proceeds do not exceed the total indebtedness
<p>Servicers should:</p> <ul style="list-style-type: none"> • Net reimbursable expenses from the sale proceeds; and • Not submit reimbursement requests via PAID (Payments Automated Intelligent and Dynamic) 	<p>Servicers should:</p> <ul style="list-style-type: none"> • Submit reimbursable expenses related to a third-party foreclosure sale via PAID; and • Submit initial expenses within 45 days and additional expenses within 60 days <p>Note: The window to submit expenses in PAID begins after the Servicer has received the sale proceeds, successfully completed all reporting requirements and settled the workout on Freddie Mac systems.</p>

If a third-party foreclosure sale results in surplus proceeds or overbid funds Servicers should refer to requirements in Section 9301.37.

In instances where the Servicer is unable to recover certain expenses from the Borrower as set forth in Exhibit 74, *Expense and Income Codes for Expense Reimbursement Requests*, they must submit expenses via PAID. For any other expense a Servicer believes to be unrecoverable from the Borrower due to applicable federal, State or local law, or if expenses incurred exceed the limits set forth in Exhibit 57, *1-4 Unit Property Approved Expense Amounts*, or Exhibit 57A, *Approved Attorney Fees and Title Expenses*, they must obtain written pre-approval from Freddie Mac by submitting a request for pre-approval through PAID.

Servicers may refer to [Completing Third-Party Foreclosure Sales: Quick Reference](#) for additional information on reporting third-party foreclosure sale results and submitting reimbursement requests.

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 2024-5 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2024-5>.

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
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