

# Expense Reimbursement Desk Reference

October 2016

# Notice

The information in this publication is intended to provide general guidance to Freddie Mac Servicers.

This information is offered as an aid in - not a substitute for - complying with the requirements set forth in the *Single-Family Seller/Servicer Guide* (the Guide), as amended. Each Freddie Mac approved Servicer must comply with all the provisions of the Guide, and of all other Purchase Documents, as that term is defined in the Guide. This publication does not constitute a part of the Guide or a Purchase Document.

The requirements and guidelines referenced in this publication are subject to change at any time by Freddie Mac.

Publication Number: 239

Last Updated: October 2016

©2016 Federal Home Loan Mortgage Corporation.

All rights reserved.

This Page Intentionally Left Blank

# Table of Contents

---

About Your Expense Reimbursement Desk Reference .....	iii
<b>CHAPTER 1: THE REIMBURSEMENT SYSTEM</b>	
Using the Reimbursement System .....	1-1
How to Obtain Your User ID and Password for the Reimbursement System.....	1-1
How to Access the Reimbursement System .....	1-3
<b>CHAPTER 2: PREPARING AND SUBMITTING YOUR CLAIMS</b>	
Preparing and Submitting Your Claims .....	2-1
Forwarding Remittances .....	2-1
Expense Offsets .....	2-2
Submission Types and Timeframes .....	2-4
Supporting Documentation .....	2-7
Expense Reimbursement and the MI Claim Filing Process.....	2-7
<b>CHAPTER 3: DOCUMENTING EXPENSES AND INCOME/CREDIT</b>	
Documenting the Billing Period and Vendor.....	3-1
Documenting Insurance Expenses .....	3-2
Documenting Tax Expenses .....	3-3
Documenting Yard Maintenance Expenses .....	3-4
Documenting Income/Credit to Offset Expenses.....	3-4
Documenting Similar Expense and Income/Credit Items .....	3-4
Documenting HOA, PUD, and Condominium Assessments.....	3-5
<b>CHAPTER 4: EXPENSE AND INCOME CODES</b>	
Expense Codes Listed by Activity Type .....	4-1
Income Codes Listed by Activity Type.....	4-21
City of Chicago, Illinois Vacant Property Ordinance Expense Codes.....	4-23
<b>CHAPTER 5: 1-4 UNIT PROPERTY APPROVED EXPENSE AMOUNTS</b>	
Key Terms.....	5-1
Expense Amounts .....	5-2
Attorney Fees and Title Work Expense Limits.....	5-10
Reimbursement Requirements When You Must Restart a Foreclosure .....	5-16

# Table of Contents

---

## **CHAPTER 6: REQUESTS FOR PRIOR APPROVAL (RPAs)**

What is a Request for Prior Approval (RPA)?.....	6-1
Preparing and Submitting the RPA.....	6-1
RPAs for Property Preservation .....	6-2
RPAs for Extension of Days .....	6-2
RPAs for Legal Fees .....	6-3
RPAs for Transfer Taxes .....	6-4

## **CHAPTER 7: EXPENSE REIMBURSEMENT AUDITS**

Expense Reimbursement Audit Overview .....	7-1
--	-----

## **CHAPTER 8: NON-REIMBURSABLE EXPENSES**

List of Non-Reimbursable Expenses.....	8-1
--	-----

# About Your Expense Reimbursement Desk Reference

---

We created this desk reference to give you quick and easy access to information that will help you complete your expense reimbursement claims. Each section contains requirements and guidelines to help you prepare and submit an accurate and complete claim to us via the Reimbursement System.

Refer to *Single-Family Seller/Service Guide* (Guide) Chapter 9701 for detailed requirements on expense reimbursement.

If you have any questions about completing your expense reimbursement claims after reviewing this desk reference, please contact Customer Support at 800-FREDDIE.

# About Your Expense Reimbursement Desk Reference

---

This Page Intentionally Left Blank

# The Reimbursement System

# Chapter 1

## Using the Reimbursement System

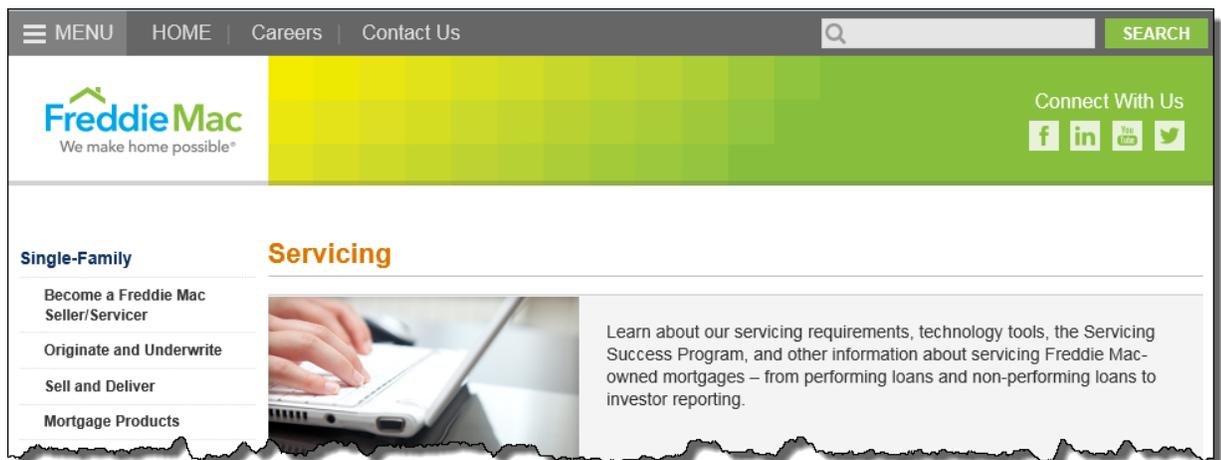
You are required to submit all of your expense reimbursement claims via the Reimbursement System available on FreddieMac.com.

## How to Obtain Your User ID and Password for the Reimbursement System

If you do not already have access to the Reimbursement System, a vice president or more senior officer from your organization must complete Form 1200, *Reimbursement System User Setup Form*, to designate an individual in your organization to serve as system administrator. The system administrator will obtain an initial user ID, vendor code and password from us for your organization, and will be responsible for administering user IDs, the vendor code, and passwords in accordance with the Freddie Mac Reimbursement System User's Guide. For additional information, refer to *Single-Family Seller/Servicer Guide (Guide) Chapter 9701*.

To access Form 1200, perform the following steps:

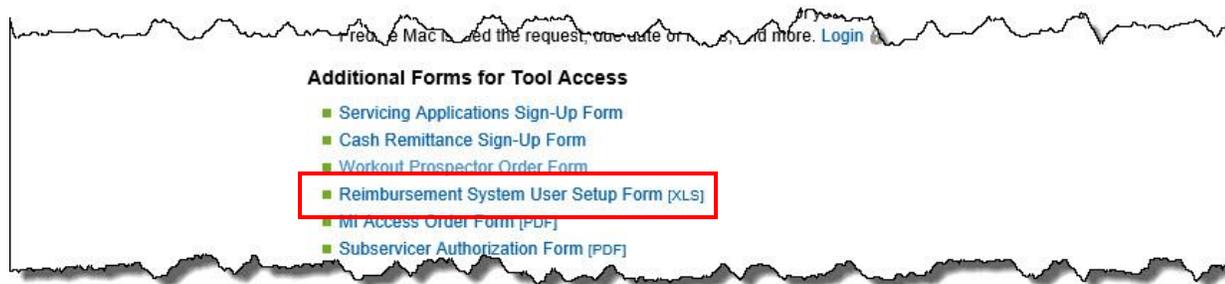
1. Access the Servicing page at the following URL on FreddieMac.com: <http://www.freddiemac.com/singlefamily/service/index.html>. The Servicing page displays.



## Reimbursement System

---

2. Scroll down and click on the Reimbursement System User Setup Form.



The *Reimbursement System User Setup Form* displays.

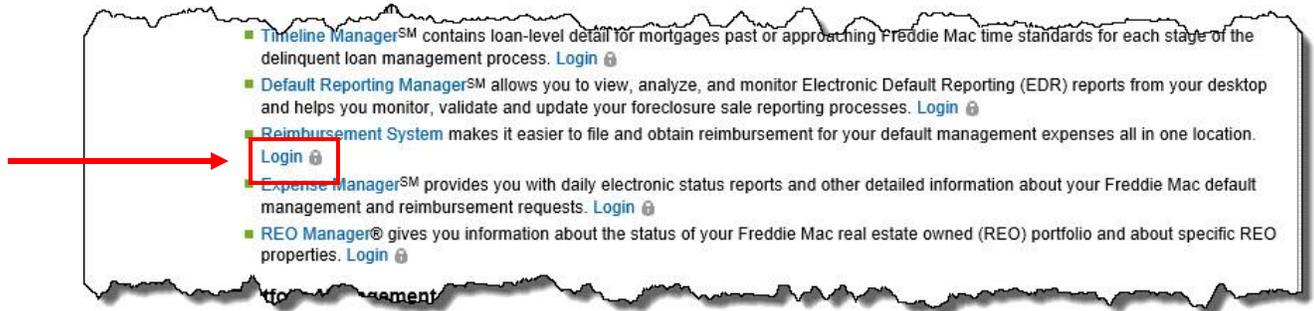
3. Complete and return the form to [Reimbursement\\_System\\_Setup@FreddieMac.com](mailto:Reimbursement_System_Setup@FreddieMac.com) or fax it to 571-382-4919.

# Reimbursement System

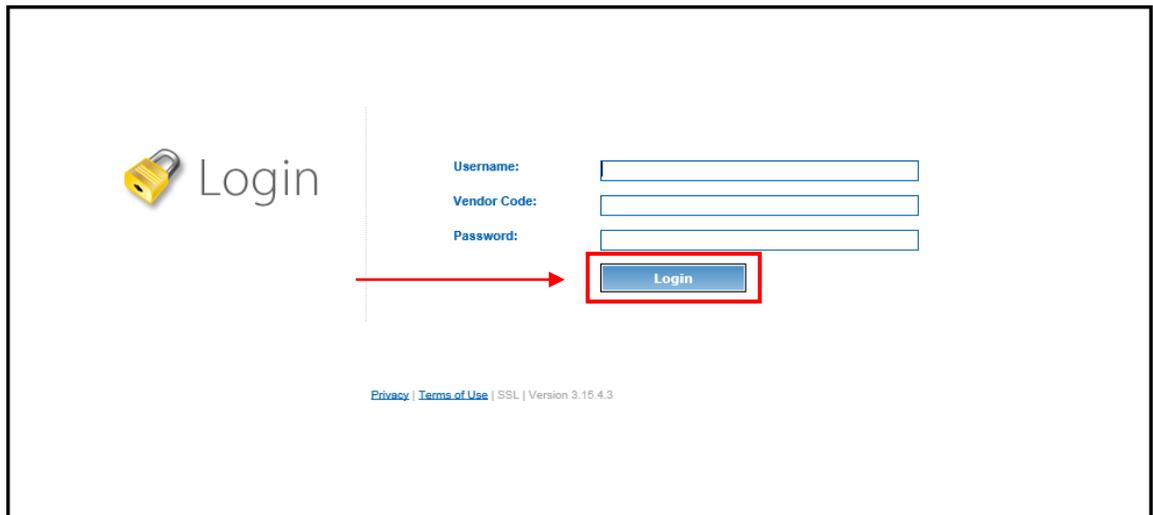
## How to Access the Reimbursement System

Perform the following steps to access the Reimbursement System:

1. Access the Servicing page at the following URL on FreddieMac.com:  
<http://www.freddie.mac.com/singlefamily/service/index.html>.
2. Click **Log In** under Reimbursement System.



3. Enter your user name and password.



4. Click Log In to access the application.

After you access the Reimbursement System, you are ready to be entering your data. For specific instructions on how to enter data for your claims, refer to the *Freddie Mac Reimbursement System User's Guide*.

# Reimbursement System

---

This Page Intentionally Left Blank

# Preparing and Submitting Your Claims

## Chapter 2

You must submit all of your expense reimbursement claims via the Reimbursement System. You are not required to submit supporting documentation for expense reimbursement claims, unless we request documentation for specific expenses. If we request supporting documentation, you must submit the documentation to us within the timeframe outlined in our request.

You may only receive reimbursement of expenses and payment of incentives via Automated Clearing House (ACH) credit entries into your commercial checking accounts. To receive ACH credit entries or to make changes to ACH credit account instructions previously provided, refer to Guide Exhibit 98, *Expense Reimbursement/Incentive Payment Authorization Agreement for ACH Credits*, and follow the outlined steps, including submitting the form to the address provided along with a copy of the most recent IRS Form W-9.

**Note:** If you are a Master Servicer with a subservicing arrangement, reimbursement of expenses may be credited to the subservicer. However, payment of incentives will be credited directly to you and you will be responsible for providing any funds due to the subservicer in accordance with any applicable subservicing agreement.

### Preparing and Submitting Your Claims

Verify that you do not exceed Freddie Mac's approved expense limits, unless you have submitted a request for pre-approval (RPA) via the Reimbursement System and we have provided approval. For a complete listing of Freddie Mac's approved expense amounts, refer to *Single-Family Seller/Servicer Guide* (Guide) Exhibit 57, *1-4 Unit Property Approved Expense Amounts*, and Guide Exhibit 57A, *Approved Attorney Fees and Title Expenses*, or Chapter 5, *1-4 Unit Property Approved Expense Amounts*, in this desk reference.

### Forwarding Remittances

You are required to forward non-REO related funds and REO related funds to us within 10 business days of your receipt of the funds. Such funds typically include, but are not limited to, mortgage insurance claim proceeds and property insurance claim proceeds.

For additional information, refer to Guide Section 9701.20.

For:	You must:
Non-REO related funds	Forward the funds via check payable to the Federal Home Loan Mortgage Corporation and include the Freddie Mac loan number along with copies of related documentation with the check.

## Preparing and Submitting Your Claims

For:	You must:
REO related funds	<p>Forward the funds via check <u>or</u> wire transfer.</p> <ul style="list-style-type: none"> <li>▪ Remittances forwarded by check must be payable to the Federal Home Loan Mortgage Corporation and include the Freddie Mac loan number along with copies of related documentation with the check.</li> <li>▪ Remittances forwarded by wire transfer must reference the Freddie Mac loan number, address of property, and the type of proceeds (e.g., REO repurchases, mortgage insurance claim proceeds, and property insurance claim proceeds).</li> </ul>

Do not offset any expenses against property insurance claim proceeds or mortgage insurance claim proceeds.

Send your remittance to the following address:

### **Non-REO-Related Remittances**

JP Morgan Chase  
 Dallas National Wholesale LB TX 1-0029  
 14800 Frye Road  
 Fort Worth, TX 76155  
 Attn: HomeSteps #730453

### **REO-Related Remittances**

Freddie Mac  
 P.O. Box 730453  
 Dallas, TX 75373-0453  
 Attn: Cash Remittances

### **Wire Transfer for REO-Related Remittances**

Bank Name: JPMorgan Chase Bank, NA  
 Location: McLean, Virginia  
 Routing Number: 021000021  
 Account Number: 9102418887

## Expense Offsets

You must deduct certain funds such as positive escrow balances at default, interest on Escrow balances, property insurance and primary mortgage insurance premium refunds from expenses incurred.

- Your requested expense reimbursements must be offset by the positive escrow balance at DDLPI. Funds remaining in the borrower's escrow account at default must be accounted for with your reimbursement request as income to offset expenses. Payments or refunds received after the DDLPI must be offset using income code 815000 (Other Income).
- Funds remaining in a temporary buydown account before the foreclosure action was started must be applied as set forth in Guide Section 4204.4.
- You are also required to offset any incurred reimbursable expenses with the proceeds of rental income you receive during the foreclosure or REO holding period.

## Preparing and Submitting Your Claims

---

- Mortgage insurance premium refunds should be refunded directly to Freddie Mac by the MI on the claim for loss. If, however, the MI sends a refund of the mortgage insurance premium to you directly, you must credit the MI premium refund on the claim as income when it submits a request for expense reimbursement.

In the following instances, Freddie Mac will bill you for the funds on the Performing Loans Servicer Billing Statement or the Servicer Non-Performing Loans Invoice, respectively:

- If the income you reported exceeds the expenses requested
- If you have no expenses currently being processed to offset the income that is due to Freddie Mac

You must not offset anticipated or received mortgage insurance claim payments, property insurance claim proceeds or sales proceeds against any expenses incurred. Refer to Guide Section 9701.20 for additional information.

For additional information about expense offsets, refer to Guide Section 9701.19.

# Preparing and Submitting Your Claims

---

## Submission Types and Timeframes

Expense reimbursement may occur after:

- The completion of a mortgage modification, if the reimbursable expenses were not capitalized in the modification or otherwise paid by the borrower.
- The completion of either a non-Real Estate Owned (REO) event or activity (such as a workout option or purchase of the property by a third party pursuant to Guide Section 9301.43). Such action is referred to as a “non-REO” claim submission type.
- Freddie Mac’s acquisition of the REO (through foreclosure sale or deed-in-lieu of foreclosure). Such action is referred to as an “REO” claim submission type.
- Completion of the REO sale by Freddie Mac, also referred to as an “REO” claim submission type.
- Freddie Mac receives the claim payment on a mortgage insured by the FHA or guaranteed by the VA or Rural Housing Service (RHS) not subject to recourse or indemnification.

Mortgage modification expenses, non-REO and REO claim submissions have different submission types and time frames. Guide Section 9701.5 provides a summary of the requirements for each claim submission type, which are also outlined on the following pages. However, the claim submission time frames provided for in Guide Section 9701.5 are not applicable for mortgages insured by the FHA, or guaranteed by the VA or RHS.

For claim submissions on mortgages insured by the FHA, or guaranteed by the VA or RHS not subject to recourse or indemnification, you may submit a claim for expense reimbursement in the Reimbursement System after Freddie Mac has received the claim payment from the applicable entity (see Guide Section 9603.2 on FHA/VA/RHS claim filing and Guide Section 9603.5 on receipt of claim payment). However, Freddie Mac must receive the expense reimbursement claim no later than 60 days after Freddie Mac has received the claim payment.

### ***Mortgage Modification Expenses***

You must submit all mortgage modification related expenses in the initial claim. The exception to this would be for recordation fees, which may be submitted on a supplemental claim. Mortgage modification expenses are limited to mortgage modifications that have a settlement date in Freddie Mac's systems.

Description	Claim Type	Timeframe
Filed to request reimbursement of expenses related to a mortgage modification. Expenses are reimbursable per the guidance provided in Guide Section 9206.15.	Initial	We must receive the claim no later than 90 days from the mortgage modification settlement date provided in Freddie Mac systems.

## Preparing and Submitting Your Claims

Description	Claim Type	Timeframe
Filed to request reimbursement of recordation fees related to a mortgage modification. Expenses are reimbursable per the guidance provided in Guide Section 9206.15.	Supplemental	We must receive the claim no later than 180 days from the mortgage modification settlement date provided in Freddie Mac systems.

### ***Non-REO Expenses***

Non-REO expenses may include, but are not limited to, costs associated with the following:

- Workout settlements (i.e., short sales and charge-offs), not including mortgage modifications
- Purchase of a property by a third party at foreclosure sale (after Freddie Mac's approval of any deficiency charge-off amount)
- Legal fees and/or legal costs considered non-recoverable from the borrower under applicable federal, state or local law upon reinstatement or pay off of the mortgage
- Bankruptcy completion on a current mortgage for which we pre-approved your hiring of an attorney to protect our interests when the borrower filed a bankruptcy and is current on the mortgage (See Guide Section 9401.6.)

Use the following table to determine when you must submit your claims for non-REO expenses.

Description	Claim Type	Timeframe
Filed to request reimbursement of expenses you incurred for a short sale or charge-off	Final	We must receive the claim within 45 calendar days after the completion of the non-REO workout activity or event.
Filed to request reimbursement of an expense omitted from the final claim; usually a delayed invoice you received for a short sale or charge-off	Supplemental	We must receive the claim no later than 60 calendar days from the completion of the non-REO activity or event.

## Preparing and Submitting Your Claims

---

### **REO Expenses**

We consider a property to be REO when we acquire it at foreclosure sale or at the end of a redemption or confirmation period, or by accepting a deed-in-lieu of foreclosure.

**Note:** For reimbursement of certain expenses relating to deeds-in-lieu of foreclosure, you must complete the workout settlement pursuant to Guide Section 9209.8. Refer to Guide Exhibit 74, *Expense and Income Codes for Expense Reimbursement Claims*, for a list of the expense and income codes.

Use the following table to determine when you must submit your reimbursement claims for pre- and post-foreclosure sale expenses for REOs.

Description	Claim Type	Timeframe
Filed to request reimbursement of expenses incurred up to and including the foreclosure sale date. Reimbursable expenses include, but are not limited to, incurred legal fees and costs.	Initial	We must receive the claim within 45 days after the foreclosure sale date.  (Refer to Guide Sections 9301.2 and 9209.8 regarding reporting requirements for foreclosure sale results and deed-in-lieu of foreclosure transactions.)
Filed to request expenses incurred after the foreclosure sale date but prior to the settlement of the sale of the REO	Supplemental	You may submit any time after the foreclosure sale date, but no later than 60 days after the settlement of the sale of the REO.
Filed to request reimbursement of allowable expenses incurred after the foreclosure sale date	Final	

# Preparing and Submitting Your Claims

---

## Supporting Documentation

With the exception of mortgages insured by the FHA or guaranteed by the VA or Rural Housing Service (RHS) not subject to recourse or indemnification, we generally will not require you to send supporting documentation with your expense reimbursement claims. However, in some instances, such as expense reimbursement claim audits, we will require that you provide standard supporting documentation.

Standard supporting documentation includes, but is not limited to the following:

- Copies of the original bills or invoices for expenses submitted on the claim, including, but not limited to, legal fees and costs, property inspections, property preservation costs, primary mortgage insurance premiums and condominium/HOA/PUD assessments.
- A copy of the loan history reflecting twelve months prior to the DDLPI up until the date we request the loan history. Proof of payment of normal escrow items is not necessary, if provided in the loan history. However, if tax payments are not consistent with the other taxes, or paid in a lump sum, you must provide documentation from the taxing authority providing the breakdown of the tax amount, including any late charges, penalties, or interest, if applicable.
- A copy of the project declaration highlighting, if applicable, the portion of the condominium, HOA or PUD assessments that may take priority over the mortgage
- The buydown account balance, if applicable.

For expense reimbursement requests on mortgages insured by the FHA, or guaranteed by the VA or RHS not subject to recourse or indemnification, we require you to provide supporting documentation including, but not limited to:

- A copy of the claim for benefits filed with the applicable entity
- Any communication or requests for information from the applicable entity regarding the claim, including any response, and
- Documentation showing the itemization of the distribution of the claim payment received from the applicable entity (e.g., loss claim packet or advice of payment letter)

## Expense Reimbursement and the MI Claim Filing Process

Freddie Mac files MI claims on its own behalf. We rely upon the timeliness and quality of the data you provide to file accurate and complete MI claims. Specifically, we use the expense reimbursement data you submit to determine the expenses we claim.

To facilitate the processing of Freddie Mac MI claims, you must take the following actions when preparing and submitting your claims.

- Submit your claims via the Reimbursement System within the timeframes outlined in Guide Section 9701.5, and stated on pages 4 through 6 in this chapter. Late filing may result in a reduction in claim proceeds and Freddie Mac, in turn, may reduce your claim in the event your submissions are late.

## Preparing and Submitting Your Claims

---

- Ensure that your claim is accurate and complete. Missing or inaccurate information delays your reimbursement.
- Provide the correct expense codes. Refer to Chapter 4, *Expense and Income Codes*, in this desk reference and Guide Exhibit 74, *Expense and Income Codes for Expense Reimbursement Claims*, for a complete listing of expense and income codes. If expenses are not coded correctly, the mortgage insurance companies may ask you for more information or documentation.
- Document the “from” date and “to” date for foreclosure fees and costs correctly. Refer to “Documenting Expenses and Income Credit” in this desk reference for additional information.
- Provide any requested supporting documentation to the MI company or Freddie Mac, as applicable.

### ***If You Receive a Mortgage Insurance Premium Refund***

The MI companies should send mortgage insurance premium refunds directly to Freddie Mac. However, if you receive a mortgage insurance premium refund, document the mortgage insurance premium refund using income code 815050, Mortgage Insurance Premium Refund.

If you receive the refund after you have submitted the final claim to Freddie Mac, you must send a check, referencing the Freddie Mac loan number, to us at the following address:

Freddie Mac  
P.O. Box 730453  
Dallas, TX 75373-0453  
Attn: MI Specialist

### ***Notice of Default Fee***

The Notice of Default (NOD) fee on the Servicer Non-Performing Loans Invoice includes MI curtailments that are billable to the Servicer. Examples include, but are not limited to, expenses incurred due to untimely delays in notice of default, foreclosure completion, and acquiring the title.

To appeal the NOD fee, contact the MI company directly and provide documentation regarding the MI curtailment. Most MI companies allow 60 days to appeal the curtailment. If the MI company approves the appeal, contact Freddie Mac. When Freddie Mac receives the funds from the MI company, Freddie Mac will remove the fee from the Servicer Non-Performing Loans Invoice for primary workout and pool claims.

REO primary MI curtailments are not billed on the *Servicer Non-Performing Loans Invoice*. Therefore, adjustments to these curtailments will be reflected through a separate billing process.

# Documenting Expenses and Income/Credit

## Chapter 3

---

### Documenting the Billing Period and Vendor

Ensure that you provide an accurate “from date” and “to date” to identify the billing period for all expenses. The billing period is the block of time during which the vendor rendered the service, not the date you paid the expense.

- When providing the billing period for foreclosure fees and costs, the “from date” must reflect the date foreclosure was initiated. The “to date” must reflect the acquisition date for REO claims. The acquisition date is defined as either the foreclosure sale or redemption date or the date of the expiration of the redemption or confirmation, whichever occurs later, or the date the deed-in-lieu of foreclosure is accepted. For non-REO claims, the “to date” can be any date up to the date of claim submission.
- For bankruptcy fees and costs, the “from date” must reflect the date the bankruptcy was filed. The “to date” must reflect the date the stay was lifted or the date the bankruptcy was confirmed.
- Billing periods for mortgage insurance premiums and property insurance premiums must correspond to the billing periods indicated on the policy. Freddie Mac will not reimburse insurance premiums if the billing periods you list overlap with previously paid insurance periods.
- Billing periods for taxes must reflect the tax cycle indicated by the tax authority on the tax bills. Freddie Mac will not reimburse tax expenses if the billing periods you list overlap with previously submitted billing periods.

When documenting the vendor, provide the *vendor name*, not the description of the expense (for example, XYZ Insurance Company, not insurance).

# Documenting Expenses and Income/Credit

## Documenting Insurance Expenses

The following table outlines when insurance premiums are reimbursable:

Type of insurance premium	When reimbursable	
	Prior to the DDLPI	After the DDLPI
Property insurance premiums paid through an escrow account	Property insurance premiums incurred and paid up to 12 months prior to the DDLPI are reimbursable.	<p>For a period up to 14 days after the final non-REO activity or up to 14 days after you receive the Property Condition Certificate (PCC) from a broker indicating the property has been inspected and is vacant.</p> <p>Note: You must take all actions required in the mortgage clause of all applicable property insurance policies including, but not limited to, providing all notices to the insurer required under such clause, in order to preserve the coverage and its maximum benefits for you and/or Freddie Mac, as mortgagee. You must cancel such policies within 14 days after the property has been inspected and is vacant, even if there is claimable damage to the property. You will be notified that the property has been inspected and is vacant via the PCC. In the event you do not receive the PCC within five business days after REO acquisition, you must check the status via REO Manager or you can call 800-FREDDIE. If the REO is located in a state in which the borrower may be permitted to redeem the property, you must wait to cancel the insurance until the redemption period has expired and you have received a PCC from the broker indicating the occupancy status.</p> <p>After the policy is cancelled, you must submit a request to the insurance company for reimbursement for the unearned portion of the insurance premium that you paid on behalf of the borrower. Include a copy of the Deed of Trust with your cancellation request.</p> <p>Refer to Guide Section 9603.11 for additional information.</p>
Mortgage insurance premiums	Not reimbursable prior to DDLPI.	If incurred after the DDLPI and before the REO acquisition date.

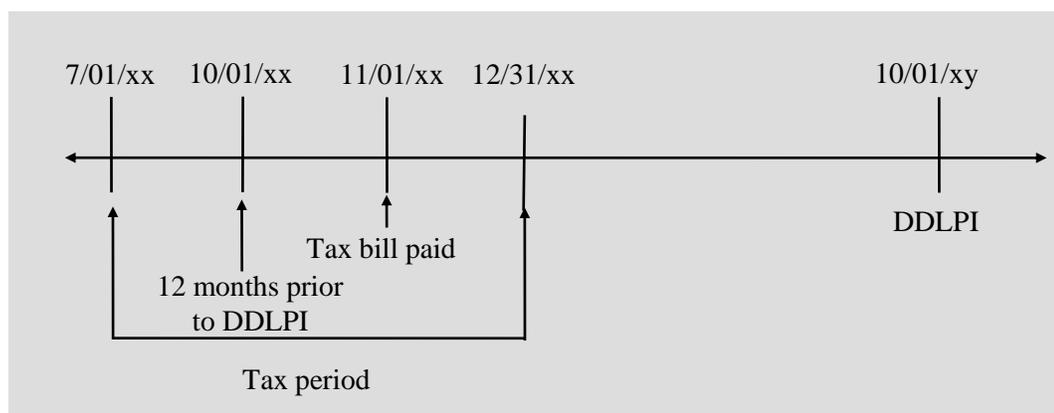
# Documenting Expenses and Income/Credit

## Documenting Tax Expenses

For non-REO claim submissions, taxes are reimbursable if incurred and paid to a taxing authority up to 12 months prior to the DDLPI through the payoff date. For REO claim submissions, Freddie Mac will reimburse for real estate taxes incurred and paid beginning no more than 12 months prior to the DDLPI, and through the REO sale date. If 12 months prior to the DDLPI falls within a tax period, the entire tax period is reimbursable. You must contact us and obtain our written approval before making payments to taxing authorities when federal, state or local income tax liens would take priority over our first lien position.

### Example

You are requesting reimbursement for real estate taxes you paid in 11/xx for a property located in California. The DDLPI is 10/01/xy. Twelve months prior to the DDLPI is 10/01/xx. Even though you paid the tax bill in 11/xx, Freddie Mac will reimburse you for the entire billing period because 12 months prior to the DDLPI (10/01/xx) falls within the 7/01/xx - 12/31/xx billing period.



Freddie Mac will reimburse you for the first tax penalty incurred on a non-escrowed mortgage that goes to foreclosure on the condition that you have complied with the requirements of Guide Section 8201.1. Freddie Mac will not reimburse you for the interest or other charges accrued on delinquent taxes.

Freddie Mac will not reimburse you for any late fees, interest and penalties other than the first tax penalty on a non-escrowed mortgage. However, if a tax authority considers interest as a penalty, or includes interest as part of the penalty, Freddie Mac will reimburse you for the first assessment of the interest penalty only. The "first tax penalty" is the first penalty assessed for any tax, not the first penalty assessed on each type of tax. If you submit a request for reimbursement of real estate taxes and Freddie Mac paid the same taxes as part of the settlement costs when Freddie Mac sold the REO or when you completed a short sale or third-party foreclosure sale where the sale proceeds are less than the total indebtedness, Freddie Mac will not reimburse you for such taxes and will adjust your claim. You are responsible for obtaining a refund from the taxing authority for such taxes.

When requesting reimbursement for taxes paid on a property with multiple parcels, combine amounts for the same expense code and same tax cycle and report as one item. Indicate the number of parcels in the Comments section.

For additional information, refer to Guide Section 9701.6.

# Documenting Expenses and Income/Credit

---

## Documenting Yard Maintenance Expenses

Follow the guidelines below to ensure that you are documenting your reimbursement request for yard maintenance expenses accurately.

- Document the number of weeks covered in the time period in the Quantity field in the Reimbursement System. Do not indicate the number of times the yard was cut in the Quantity field.
- Document the date on which the yard maintenance was performed by entering the same date in both the “from date” and “to date” fields.
- Confirm that grass cutting is permitted year-round if requesting reimbursement for this expense between October 1 and March 31. For additional information, refer to Guide Exhibit 57, *1-4 Unit Property Approved Expense Amounts*.

## Documenting Income/Credit to Offset Expenses

- Do not offset anticipated or received mortgage insurance claim payments, property insurance claim proceeds or sales proceeds against any expenses incurred. Send Freddie Mac a check made payable to the Federal Home Loan Mortgage Corporation for funds you receive for mortgage insurance claim payments, property insurance claim proceeds, and other non-REO and REO related funds within 10 business days of receipt of those funds.
- You must provide a loan history for all loans, whether escrowed or non-escrowed, to support a zero or positive escrow balance.
- Document the positive escrow balance as of the DDLPI. Escrow disbursements for taxes and insurance must be claimed as expenses.

## Documenting Similar Expense and Income/Credit Items

Report similar expense and income/credit items as different line items, even though they have the same expense code and same vendor. Do not add similar expense and income/credit items together and enter the total as one line item.

# Documenting Expenses and Income/Credit

---

## Documenting HOA, PUD, and Condominium Assessments

- When requesting reimbursement for homeowners' association (HOA) or Planned Unit Development (PUD) dues, document the first month's assessment as one line item. Combine the remaining months' assessments and document as one line item. If the monthly assessment amount changed during the time period for which you are requesting reimbursement, document the first month the assessment changed as a separate line item and then combine the remaining months' assessments at the new rate and report as another line item.
- When requesting reimbursement for transfer fees assessed by an HOA on the sale of an REO (not the foreclosure sale), do not combine the transfer fee expense with the monthly HOA assessment expense. Use expense code 080003 when requesting reimbursement for transfer fees assessed by an HOA.
- We will reimburse you for post-foreclosure condominium, HOA, and PUD regular assessments (dues) and special assessments incurred from the foreclosure sale date through the REO settlement date, if paid in accordance with the requirements in Guide Section 9603.13(a). We will not reimburse you for any late fees, interest, collection expenses, or attorney fees for late payment of HOA, PUD or condominium assessments, unless expressly allowed by Guide Section 9603.13(a).
- When monthly HOA or PUD assessments are paid to two different vendors, combine expense amounts with the same dates and report as one line item using expense code 080000.
- You must pay post-foreclosure condominium, HOA, and PUD regular assessments (dues) and special assessments in accordance with the requirements in Guide Section 9603.13(a).

If state law creates a lien priority over the mortgage lien for condominium, HOA or PUD assessments, or for leasehold estates, ground rent payments, over the mortgage lien for fees assessed before the foreclosure sale date, then we will reimburse you for your payment of regular condominium, HOA or PUD assessments and/or ground rent payments assessed prior to the foreclosure sale date as follows:

- For mortgages with Note dates **prior to February 14, 2014:**
  - In an amount no greater than the lesser of:
    - The actual amount in regular assessments you advanced
    - The maximum amount in regular assessments that, per the project declaration or bylaws, would take priority over the mortgage
    - The maximum amount in regular assessments that, per applicable state statute, would take priority over the mortgage

We will not reimburse you for late fees, interest, collections expenses or attorney fees, regardless of whether such amounts may be included under the lien pursuant to applicable state law.

## Documenting Expenses and Income/Credit

---

- For mortgages with Note dates **on or after February 14, 2014:**

In an amount equal to the lesser of the actual amount advanced or:

- For mortgages secured by property in the state of Florida — no more than 12 months (or any lesser amount provided by state statute)
- For mortgages secured by property in the state of Connecticut — no more than nine months (or any lesser amount provided by state statute)
- For mortgages secured by property in all other states (including states that provide an exception for Freddie Mac mortgages) – no more than six months (or any lesser amount provided by state statute)

We will not reimburse you for late fees, interest, collections expenses or attorney fees, regardless of whether such amounts may be included under the lien pursuant to applicable state law.

The following states and jurisdictions give lien priority to condominium HOA, and/or PUD assessments over a mortgage:

- |                        |                 |                 |
|------------------------|-----------------|-----------------|
| - Alabama              | - Illinois      | - Oregon        |
| - Alaska               | - Maryland      | - Pennsylvania  |
| - Colorado             | - Massachusetts | - Puerto Rico   |
| - Connecticut          | - Minnesota     | - Rhode Island  |
| - Delaware             | - Missouri      | - Tennessee     |
| - District of Columbia | - Nevada        | - Washington    |
| - Florida              | - New Hampshire | - West Virginia |
| - Hawaii               | - New Jersey    | - Wyoming       |

**Note:** The list above may not reflect the current state of the law as laws affecting condominium, HOA and/or PUD lien priority change frequently. It is your organization's responsibility to know which states and jurisdictions give lien priority to condominium HOA, and/or PUD assessments over a mortgage.

# Expense and Income Codes

# Chapter 4

## Expense Codes Listed by Activity Type

The following table identifies Freddie Mac’s expense codes by activity type.

Bankruptcy		
Expense Code+	Description	Additional Requirements and Information
011014	Chapter 7 – Proof of Claim Preparation	If anticipated bankruptcy expenses will exceed the expense limits listed in <i>Single-Family Seller/Service Guide</i> (Guide) Exhibit 57A, <i>Approved Attorney Fees and Title Expenses</i> , you must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.
011015	Chapter 7 – Motion for Relief from Stay (Up to two hearings and order)	
011016	Chapter 7 – Additional Hearings	
011017	Chapter 7 – Multiple Filing Litigation	
011018	Chapter 11 – Proof of Claim, Plan Review and Plan Negotiations	
011019	Chapter 11 – Motion for Relief from Stay (Up to two hearings and order)	
011020	Chapter 11 – Objection to Plan (Up to two hearings)	
011021	Chapter 11 – Agreed Order; Court Certification of Default/Stay Terminated	
011022	Chapter 11 – Agreed Order; Notice of Default/Stay Termination	

## Expense and Income Codes

Bankruptcy, continued		
Expense Code+	Description	Additional Requirements and Information
011023	Chapter 11 – Payment Change Notifications	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.
011024	Chapter 11 – Notice of Fees, Expenses and Charges	
011025	Chapter 11 – Response to Final Cure Payment for Agreed Response	
011026	Chapter 11 – Response to Final Cure Payment for Dispute	
011027	Chapter 11 – Additional Hearings	If anticipated bankruptcy expenses will exceed the expense limits listed in Guide Exhibit 57A, you must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.
011028	Chapter 11 – Multiple Filing Litigation	
011029	Chapter 12 – Proof of Claim, Plan Review and Plan Negotiations	
011030	Chapter 12 – Motion for Relief from Stay (Up to two hearings and order)	
011031	Chapter 12 – Objection to Plan (Up to two hearings)	
011032	Chapter 12 – Agreed Order; Court Certification of Default/Stay Terminated	
011033	Chapter 12 – Agreed Order; Notice of Default/Stay Termination	

## Expense and Income Codes

Bankruptcy, continued		
Expense Code+	Description	Additional Requirements and Information
011034	Chapter 12 – Payment Change Notifications	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.
011035	Chapter 12 – Notice of Fees, Expenses and Charges	
011036	Chapter 12 – Response to Final Cure Payment for Agreed Response	
011037	Chapter 12 – Response to Final Cure Payment for Dispute	
011038	Chapter 12 – Additional Hearings	If anticipated bankruptcy expenses will exceed the expense limits listed in Guide Exhibit 57A, you must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.
011039	Chapter 12 – Multiple Filing Litigation	
011040	Chapter 13 – Proof of Claim, Plan Review and Plan Negotiations	
011041	Chapter 13 – Motion for Relief from Stay (Up to two hearings and order)	
011042	Chapter 13 – Objection to Plan (Up to two hearings)	
011043	Chapter 13 – Agreed Order; Court Certification of Default/Stay Terminated	
011044	Chapter 13 – Agreed Order; Notice of Default/Stay Termination	
011045	Chapter 13 – Payment Change Notifications	
011046	Chapter 13 – Notice of Fees, Expenses and Charges	

## Expense and Income Codes

<b>Bankruptcy, continued</b>		
<b>Expense Code+</b>	<b>Description</b>	<b>Additional Requirements and Information</b>
011047	Chapter 13 – Response to Final Cure Payment for Agreed Response	If anticipated bankruptcy expenses will exceed the expense limits listed in Guide Exhibit 57A, you must submit an RPA, along with supporting documentation, via the Reimbursement System to request Freddie Mac’s prior written approval.
011048	Chapter 13 – Response to Final Cure Payment for Dispute	
011049	Chapter 13 – Additional Hearings	
011050	Chapter 13 – Multiple Filing Litigation	
011051	Chapter 11 – Amended Plan Review	If anticipated bankruptcy expenses will exceed the expense limits listed in Guide Exhibit 57A, you must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.  If the amended plan review is the result of the Servicer's action or inaction, then Freddie Mac would consider any associated bankruptcy costs and fees as non-reimbursable.
011052	Chapter 12 – Amended Plan Review	
011053	Chapter 13 – Amended Plan Review	
041000	Court Costs	None.
041002	Other Court Costs (PACER, transcript, witness fees)	
401000	Appraisal Charge	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.

## Expense and Income Codes

Contested Foreclosure		
Expense Code+	Description	Additional Requirements and Information
010013	Probate Proceedings (Judicial)	Foreclosure attorney fee for probate proceedings during a contested foreclosure.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010014	Contested Foreclosure Resolved by Motion for Summary Judgment (Judicial)	Foreclosure attorney fee for a contested foreclosure in which a defendant files an answer requiring the filing of a summary judgment motion. This includes work leading up to the filing of the summary judgment motion, all court appearances and all written discovery.  You must submit an RPA, along with supporting documentation, via the Reimbursement System to request Freddie Mac's prior written approval.
010015	Responding to a Motion to Dismiss (Judicial)	Foreclosure attorney fee for responding to a motion to dismiss, including the preparation and filing of a response and attendance at all hearings.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010016	Motion for Mediation in a Contested Foreclosure (Judicial)	Foreclosure attorney fee for attendance and appearance at a mediation session for a contested foreclosure that is not part of a State or local law pre-foreclosure mediation program.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010017	Contested Foreclosure Resolved by Trial (Judicial)	Foreclosure attorney fee for trial, set by court upon its own motion, including, but not limited to, pre-trial preparation and correspondence, preparation and filing documents necessary for trial, witness preparation, and all necessary court appearances.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.

## Expense and Income Codes

Contested Foreclosure, continued		
Expense Code+	Description	Additional Requirements and Information
010018	Contested Foreclosure Fee – Other (Judicial)	<p>Foreclosure attorney fee for additional work needed to resolve a contested judicial foreclosure that enters into litigation, whether routine or non-routine, in order to proceed with the foreclosure.</p> <p>You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.</p>
010019	Probate Proceedings (Non-Judicial)	<p>Foreclosure attorney fee for probate proceedings during a contested foreclosure.</p> <p>You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.</p>
010020	Contested Foreclosure Resolved by Motion to Dismiss (Non-Judicial)	<p>Foreclosure attorney fee for a contested foreclosure resolved by the filing of a motion to dismiss and subsequent entry of an order granting motion to dismiss. This includes all work leading up to the filing of the motion to dismiss, and all necessary court appearances.</p> <p>You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.</p>
010021	Contested Foreclosure Resolved by Summary Judgment Motion (Non-Judicial)	<p>Foreclosure attorney fee for a contested foreclosure resolved by the filing of a motion for summary judgment and subsequent entry of an order granting motion for summary judgment. This includes all work leading up to the filing of the summary judgment motion, including all court appearances and all written discovery.</p> <p>You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac’s prior written approval.</p>

## Expense and Income Codes

Contested Foreclosure, continued		
Expense Code+	Description	Additional Requirements and Information
010022	Motion for Mediation in a Contested Foreclosure (Non-Judicial)	Foreclosure attorney fee for attendance and appearance at a mediation session for a contested foreclosure that is not part of a State or local law pre-foreclosure mediation program.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010023	Contested Foreclosure Fee – Other (Non-Judicial)	Foreclosure attorney fee for additional work needed to resolve a contested foreclosure that enters into litigation, whether routine or non-routine, in order to proceed with the foreclosure.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010024	Borrower Initiated Motions	Foreclosure attorney fee for responding to a motion initiated by the borrower or borrower's counsel, including the preparation and filing of a response and attendance at all hearings.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010025	Reply to Affirmative Defenses/Motion to Strike	Foreclosure attorney fee for responding to affirmative defenses or a motion to strike filed by or on behalf of the borrower in a contested foreclosure, including the preparation and filing of a response and attendance at all hearings.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.

## Expense and Income Codes

Contested Foreclosure, continued		
Expense Code+	Description	Additional Requirements and Information
010026	Discovery (RFP, RFA, Roggs)	Foreclosure attorney fee for responding to a discovery request or propounding discovery in a contested foreclosure, including the preparation and filing of a response and attendance at all hearings.  You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.

Foreclosure		
Expense Code+	Description	Additional Requirements and Information
010000	Attorney Fees (Judicial)	If anticipated attorney fees will exceed the expense limits listed in Guide Exhibit 57A, you must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010002	Trustee/Attorney Fees – Torrens Act	Limited to applicable properties in Minnesota only.
010004	Mediation Court Costs	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010005	Mediation – Attorney Fees	
010006	Attorney Fees (Non-Judicial)	If anticipated attorney fees will exceed the expense limits listed in Guide Exhibit 57A, you must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010009	Bulk Trial Foreclosure/Inquest Process	Limited to Florida, New York, and New York City only.
010011	Process Server Fee/Postage for Mailing of Foreclosure Notices	None.

## Expense and Income Codes

Foreclosure, continued		
Expense Code+	Description	Additional Requirements and Information
010027	Attorney Fees to Shorten a Redemption Period	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
010028	Additional Mediation Hearings	
014005	Foreclosure on a Cooperative Share	
014006	Final Report/Accounting of the Foreclosure Sale	None.
014007	Status/Conciliation/Case Management Conference	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
020000	Advertising Fees - Posting	None.
021000	Advertising Fees - Publication	
030000	Sheriff/Auctioneer Fees	
040000	Court Costs	
300000	Title Work	If anticipated title work expenses will exceed the expense limits listed in Guide Exhibit 57A, you must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
300005	Torrens Act – Costs (MN only)	Limited to applicable properties in Minnesota only.
300008	Title Preliminary Cost	Limited to Ohio and Kentucky only.
400001	Appraisal Charge	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.

## Expense and Income Codes

All Loan Modification Programs		
Expense Code+	Description	Additional Requirements and Information
042001	Notary Fees	\$150
300003	Recordation Fees	Actual cost.
300004	Title Costs, if applicable (Except with respect to title costs in connection with a foreclosure proceeding.)	Reimbursable amounts are in accordance with the limits outlined in Guide Exhibit 57A.
400003	Home Value Explorer® (HVE)	\$150

Homeowner's Association		
Expense Code+	Description	Additional Requirements and Information
080000	Homeowners' Association and PUD Fees	Refer to Guide Section 9701.10 regarding such expense liens that could subordinate the mortgage.
080002	Special Assessments	None.
080003	Condominium Project Documents / HOA Transfer Fee	

## Expense and Income Codes

Insurance and Taxes		
Expense Code+	Description	Additional Requirements and Information
050000	Mortgage Insurance Premiums	None.
051000	FHA Insurance Premiums	
060000	Property Insurance Premiums	
061000	Flood Insurance Premiums	
062000	Lender-placed Insurance Premiums	
064000	Supplemental Windstorm Coverage	
070000	County Property Taxes	
071001	Municipal (City) Property Taxes	
071002	Borough Property Taxes	
071003	Town Property Taxes	
071004	Village Property Taxes	
072000	School Taxes	
073000	Sewer Charges	
074001	Other Property Taxes	
074002	Supplemental Tax	None.
074003	Transfer Tax	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval. Ensure that you attach a copy of the pay under protest letter to the RPA. Note: This type of RPA may be submitted prior to the foreclosure sale or within 45 days after the foreclosure sale. Refer to Guide Section 9701.15.

## Expense and Income Codes

---

Insurance and Taxes, continued		
Expense Code+	Description	Additional Requirements and Information
074004	Ground Rents	None.
074005	First Tax Penalty on Non-escrowed Mortgages	
074006	Second Tax Penalty (California only.)	
076000	Ad Valorem Tax	

## Expense and Income Codes

Liens		
Expense Code+	Description	Additional Requirements and Information
500000	Superior (First) Liens	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval. Refer to Guide Section 8201.1.
501000	IRS Liens	
502000	Other Liens	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval. Provide a brief description of the cost in the Comments section of the claim.
500002	Deed-in-Lieu Subordinate Lien Payment	You must comply with the workout settlement requirements under Guide Section 9209.8 to be eligible for reimbursement of this expense.

Maintenance and Preservation		
Expense Code+	Description	Additional Requirements and Information
090028	Securing (Knob Locks)	If needed for access to, and/or securing of, the property.
090030	Boarding (Broken Windows)	Where needed, as required by local ordinances. All missing windows and doors should be boarded, not repaired.
090008	Police/Fire Report	None.
090031	Pool (In-ground Pool Securing)	Covering or boarding of in-ground pools.
090017	Pre-foreclosure Vacant Property Registration	Initial vacant property registration and re-registration fees.
090019	Securing (Padlocks)	If needed for access to, and/or securing of, the property.
090020	Securing (Slider Locks)	
090021	Securing (Window Locks)	
090022	Security Door	

## Expense and Income Codes

Maintenance and Preservation, continued		
Expense Code+	Description	Additional Requirements and Information
090023	Boarding (Doors)	As needed to secure non-access entryways with missing or broken doors.
090024	Extermination (Non-Licensed)	As needed, to address infestation with over-the-counter products.
090025	Pool (Above Ground Pool Securing)	Covering or boarding of above ground pools. Pool may be tarped if pool frame is unable to support weight of covering or boarding. Collapsed pools may be moved to an exterior shed, garage or other secure structure on the property.
090026	Pool Draining	To be used when draining pools, hot tubs, spas or ponds.
090027	Pool (Hot Tubs or Spa Securing)	Covering or boarding of hot tubs, spas or ponds.
091010	Interior Property Cleaning (Refrigerator)	As needed, to remove all perishables from refrigerators, freezers and other appliances that may pose a risk of infestation to the property. Interior must be wiped down and free of hazards.
091002	Trash Removal/Dumping Fees	Interior/exterior debris removal. Do not remove personal property.
091009	Interior Property Cleaning (Toilets)	None.
090029	Extermination (Licensed)	Fumigation by a professional extermination company.
093003	Pest Removal	Removal of dead vermin from property.

## Expense and Income Codes

Maintenance and Preservation, continued		
Expense Code+	Description	Additional Requirements and Information
093004	Initial Yard Maintenance (Lots greater than 10,000 square feet.)	To be used on properties with lots greater than 10,000 square feet. Full yard and/or perimeter cut, weed removal or desert landscaping, as applicable, once per Yard Maintenance Season*.
093005	Initial Yard Maintenance (Lots of up to 10,000 square feet.)	To be used on properties with lots of 10,000 square feet or less. Full yard cut, weed removal or desert landscaping, as applicable, once per Yard Maintenance Season*.
094016	Yard Maintenance (Lots of up to 10,000 square feet.)	To be used on properties with lots of 10,000 square feet or less. Semi-monthly full yard grass cuts, weed removal or desert landscaping, as applicable, during Yard Maintenance Season*.
094013	Yard Maintenance (Lots Greater than 10,000 square feet.)	To be used on properties with lots greater than 10,000 square feet. Semi-monthly full yard or perimeter grass cuts, weed removal or desert landscaping, as applicable, during Yard Maintenance Season*.
094014	Trimming (Shrubs)	As needed during Yard Maintenance Season*.
094015	Trimming (Trees)	
090032	Winterization (Dry)	One time charge during Winterization Season**.
095002	Dewinterization	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.

## Expense and Income Codes

Maintenance and Preservation, continued		
Expense Code+	Description	Additional Requirements and Information
095020	Winterization (Wet/Steam)	One time charge during Winterization Season**.
095021	Winterization (Radiant)	One time charge during Winterization Season**.
095022	Re-winterization	If necessary, once per calendar year.
095023	Winterization (Additional Unit)	One time charge during Winterization Season**.
100003	Capping (Electric)	To be used if electric is on.
101001	Capping (Gas)	As needed to prevent damage to property.
103001	Capping (Water)	As needed to prevent damage to property.
103002	Capping (Sewer)	As needed to prevent damage to property.
105001	Capping (Chimney)	As needed to prevent access to critters and small vermin.
191003	Snow Removal	As needed in Winterization Season**.
191034	Dryer Vent Cover	As needed to prevent access to critters and small vermin.
191001	Other Maintenance Costs	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval. Provide a brief description of the approved expenses on the claim.
404005	Exterior Property Inspection	Maximum amount for each monthly inspection completed within the foreclosure state standard time line as listed in Guide Exhibit 83.
404007	Interior Property Inspection	None.
404008	Deed-in-Lieu Property Inspection	One-time charge prior to deed execution. You must comply with the workout settlement requirements under Guide Section 9209.8 to be eligible for reimbursement of this expense.
404016	Ordinance Required Property Inspection (Weekly)	No more than four in a given month.
404017	Ordinance Required Property Inspection (Biweekly)	No more than two in a given month.

## Expense and Income Codes

Other		
Expense Code+	Description	Additional Requirements and Information
013005	Deed-in-Lieu Borrower Relocation Assistance	Reimbursable up to a maximum of \$3,000. Refer to Guide Section 9209.4 for details on this assistance.  You must comply with the workout settlement requirements under Guide Section 9209.8 to be eligible for reimbursement of this expense.
013006	Borrower Relocation Assistance	Reimbursable up to a maximum of \$3,000. Refer to Guide Section 9301.21 for details on this assistance.
015000	Connectivity Fee	Reimbursable up to a maximum of \$25 per referral for the life of the default. Refer to Guide Section 9701.11 for details on this fee.
016000	Invoicing Fee	Reimbursable up to a maximum of \$5 to process foreclosure invoices and a maximum of \$5 to process bankruptcy invoices for the life of the default. Refer to Guide Section 9301.30 for details on this fee.
040002	State Registration Fee	Initial property registration and the re-registration where applicable law requires a fee when conducting a foreclosure. Reimbursable up to a maximum of \$500.
300006	Technology Fee	Reimbursable up to a maximum of \$5 per referral, before 04/01/11, for the life of the default. Refer to Guide Section 9701.11 for details on this fee.
404001	Freddie Mac Special Inspection	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
503000	Principal Reimbursement	Attach amortization schedule and loan history to reflect the unpaid principal balance for Super ARC guaranteed loans.

## Expense and Income Codes

Other Legal		
Expense Code+	Description	Additional Requirements and Information
010012	Certificate of Regularity	None.
013000	Deed-in-Lieu of Foreclosure - Attorney Fees	None.
013104	Suit on Note/Deficiency Judgment	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
014000	Receiver Fees	
014004	Receivership Additional Court Appearance Cost	
032000	Sheriff/Auctioneer Fees - Other Actions	None.
043006	Guardian Ad Litem	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
300007	All Recording Fees	None.
600021	Skip Trace/Investigative Report	Reimbursable up to a maximum of \$90.
600022	Environmental/Department/ Violation Search – Other Searches	None.
600023	Courier/Overnight Delivery/Certified Mail	

## Expense and Income Codes

Property Repairs		
Expense Code+	Description	Additional Requirements and Information
191006	Emergency Repairs	None.
191019	Fence Repair	As needed to repair or replace damaged sections of fence in order to secure pool area or property perimeter.
191033	Dehumidifier	As needed to abate/prevent mold growth due to moisture.
191035	Mold Treatment	Abatement of interior mold growth with non-primer or non-paint-based chemicals intended for such use (e.g. bleach). A bid to remove mold must be submitted if treatment is not expected to abate further mold growth.
105002	Utilities Transfer	To be used when an on-site visit and wait time are required.
200000	Roof Repair/Replacement	As needed, if active leak is present. Flat roofs must not be tarped; all other roofs, however, may be tarped if repair work cannot be completed within the expense limit.
200001	Gutter Repair/Cleaning	As needed to prevent blight, roof damage and leaks.
201000	Interior Painting	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
202000	Exterior Painting	
203000	Sump Pump/HVAC Repair/Replacement	Servicing and restart.
204000	Flooring Repair	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.
205000	Appliance Repair/Replacement	
206000	Other Repairs	You must submit an RPA via the Reimbursement System, to request Freddie Mac's prior written approval.
207000	Other Replacements	

## Expense and Income Codes

Utilities		
Expense Code+	Description	Additional Requirements and Information
100000	Electric	None.
101000	Gas	
102000	Oil	
103000	Water	
105000	Other Utilities	You must submit an RPA, along with supporting documentation, via the Reimbursement System, to request Freddie Mac's prior written approval.

+All expense codes require "from" and "to" dates for the period billed except for the mortgage modification program expense codes.

*Yard Maintenance Season and Frequency Requirements	Applicable Jurisdictions
Year Round (Monthly)	AZ, NM and NV
Year Round (Semi-Monthly)	AL, AR, CA, FL, GA, GU, HI, KS, LA, MS, OK, SC, TX, VI and PR
06/01-09/30 (Semi-Monthly)	AK
03/01-10/31 (Semi-Monthly)	All others

**Winterization Season Requirements	Jurisdictions
Not Permitted	HI, GU, PR and VI
Year Round	AK
09/01-04/30	All others

## Expense and Income Codes

---

### Income Codes Listed by Activity Type

The following table identifies Freddie Mac's income codes by activity type.

Activity	Income Code++	Description	Additional Requirements
Escrow	811000	Escrow Balance at DDLPI (positive)	None.
Insurance Refunds	815060	Property Insurance Premium Refund	None.
	815061	Flood Insurance Premium Refund	
	815062	Lender-placed Insurance Premium Refund	
	815064	Supplemental Windstorm Coverage	None.
Interest on Escrow	815065	Interest on Escrow	None.
Other	815000	Other Income (Income received after DDLPI)	Provide a brief description of the item in the Comments section of the claim.
	815050	Mortgage Insurance Premium Refund	None.
	815075	Suspense Payments	None.
	815077	Payments after DDLPI	
	815078	Homeowners Association (HOA) Refunds	
	815079	Utility Refunds	
	815081	Attorney Refunds	
Rental Income	814000	Rental Income	None.
Rental/Subsidy Buydown	812000	Subsidy Fund (buydown account)	None.

## Expense and Income Codes

---

Activity	Income Code++	Description	Additional Requirements
Tax Refunds	815070	County Tax Refund	None.
	815071	Municipal, Borough, Town, Village Tax Refund	
	815072	School Tax Refund	
	815073	Sewer Tax Refund	
	815074	Supplemental Tax Refund	

++ If available, provide “from” and “to” dates for the refund period.

Note: For a listing of any previous expense codes not currently listed, refer to earlier versions of Guide Exhibit 74, *Expense and Income Codes for Expense Reimbursement Claims*.

## Expense and Income Codes

---

### City of Chicago, Illinois Vacant Property Ordinance Expense Codes

Effective May 12, 2014, you may not make advances using the expense codes listed below. The following is to be used only as reference when preparing claims to be submitted via the Freddie Mac Reimbursement System for advances made prior to May 12, 2014.

Expense Code	Item	Description
095005	Ordinance* Property Registration	Expenses incurred by registering the mortgaged premises with the City's vacant property registration system including the registration fee and processing or administrative fees charged by the City, if any.
095007	Ordinance Property Inspection	<p>Inspections of the type and frequency required by Guide Chapters 9102 and 9201 must be submitted under the existing expense code found in Guide Exhibits 57 and 74.</p> <p>Inspections of a type or frequency that are in excess of the Guide must be submitted using this new code. For example, the Guide requires the first inspection to occur between the 45<sup>th</sup> and 60<sup>th</sup> day of delinquency and then monthly thereafter under certain circumstances. If the City were to require two inspections in one month, expenses for the additional monthly inspection must be submitted using this new code.</p>
095008	Ordinance Legal Fee	<p>Legal fees and expenses you incurred for defense against enforcement actions by the City resulting from the Ordinance.</p> <p>For example, if the City refused to accept a registration fee because it was made under protest and initiated a legal action against you as a result, you must submit the legal fees using this expense code.</p> <p>We will review these fees and expenses on a case-by-case basis to determine whether we will reimburse you.</p>

## Expense and Income Codes

Expense Code	Item	Description
095010	Ordinance Yard Maintenance Expense	<p>Allowable expenses for reasonable yard maintenance such as mowing grass, pruning shrubs and removing dead plants, branches and trees between April 1<sup>st</sup> and September 30<sup>th</sup> must be submitted under the existing expense codes found in Guide Exhibits 57 and 74.</p> <p>Expenses for these activities incurred between October 1<sup>st</sup> and March 31<sup>st</sup> and for more extensive exterior yard maintenance activities, if required by the Ordinance, should be submitted under this expense code.</p>
095011	Ordinance Window/Door Security and Boarding Expense	<p>Locking and securing doors and windows, re-keying doors and boarding doors and windows that are broken, should be submitted using the existing expense codes found in Guide Exhibits 57 and 74.</p> <p>Boarding windows and doors that are in good condition must be submitted under this code if the Ordinance or the specific jurisdiction requires those windows and doors to be boarded.</p>
095012	Ordinance Security Panel Monthly Expense	Expenses for the monthly rental of steel security panels installed on the mortgaged premises. You must submit a request for pre-approval (RPA) for the expense each month the panels are rented.
095013	Ordinance Security Panel Installation Expense	Expenses incurred for the installation of steel security panels on the mortgaged premises.
095014	Ordinance Fence Replacement and Gate Repairs/Replacement Expense	<p>Expenses for repair of fences must be submitted under the expense codes listed in Guide Exhibits 57 and 74.</p> <p>Expenses for the complete or partial replacement of fences or the repair or replacement of gates should be submitted under this code.</p>

## Expense and Income Codes

Expense Code	Item	Description
095015	Ordinance Exterior Step and Step Repair Expense	Expenses for the repair or replacement of exterior steps or stairs of the mortgaged premises.
095016	Ordinance Inspection Trip Charge	Expenses incurred in order to give a City Inspector access to the mortgaged premises so that the City Inspector can conduct an independent inspection.
095017	Ordinance Sign Expense	Expense incurred in posting a sign identifying the vacant property number and name of an authorized agent as required by the Ordinance.
095018	Ordinance Authorized Agent Expense	Expenses incurred in hiring an authorized agent to manage the mortgaged premises, if any.
095019	Ordinance Expenses for Repairs/ Maintenance Required by City Inspector	Expenses for repairs, maintenance or other activities that are required by a City Inspector, but are not provided by the Guide and do not fall under another Ordinance expense code in this exhibit. For example, if a City Inspector required mortgaged premises that had already been winterized to be re-winterized, the expense should be submitted using this code.

\*The use of these codes is limited to expenses arising from Sections 13-12-125, 126, 127 and 135 of the Municipal Code of the City of Chicago, Illinois ("Ordinance") for advances incurred prior to May 12, 2014.

You must use these Vacant Property Ordinance expense codes to submit expenses in the Reimbursement System for activities that are required by the Ordinance but not required by the Guide. You must submit the inspection, maintenance, repair and legal expenses described above that would not have been incurred but for the Ordinance using these codes.

Inspection, maintenance, repair and legal expenses that are incurred for activities that are already required by the Guide and expenses incurred must be submitted using the expense codes found in Guide Exhibits 57 and 74.

## Expense and Income Codes

---

This Page Intentionally Left Blank

# 1 – 4 Unit Property Approved Expense Amounts

This section outlines Freddie Mac’s approved limits for 1 – 4 unit properties. You must submit a request for prior approval (RPA) via the Reimbursement System to request our approval for fees and costs that exceed our expense limits. If you fail to obtain our prior written approval for expenses that exceed our limits, we may adjust your claim amount. For additional information about RPAs, refer to Chapter 6 in this desk reference.

## Key Terms

The following defines the key terms associated with the expense amounts:

Term:	Definition:
<b>Expense Code</b>	The identifying six-digit number, within the Reimbursement System for each expense item.
<b>Expense Item</b>	The designated name, within the Reimbursement System, for a given expense type.
<b>Description</b>	A brief description of the expense item and an overview of the expense item's proper usage.
<b>Unit Price</b>	The acceptable per unit cost for each applicable expense item. You must comply with unit pricing guidelines when completing preservation work; unless you determine, after having secured a comparable second estimate, that the needed preservation work cannot be completed within the defined unit price limit. You may then proceed with completing work without seeking our approval if the lesser of the two estimates is within the applicable expense limit. You must retain both estimates in the mortgage file. (The second estimate may be one generated by an industry accepted Cost Estimator.)
<b>Expense Limit</b>	The dollar amount within which you may complete needed work without seeking written pre-approval from us via the Reimbursement System. Any work completed within the expense limit must also comply with the unit price requirements outlined above.

Refer to Guide Exhibits 57, *1-4 Unit Property Approved Expense Amounts*, and 57A, *Approved Attorney Fees and Title Expenses*, for additional information.

# 1 – 4 Unit Property Approved Expense Amounts

## Expense Amounts

Property Inspections				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
404005	Exterior Property Inspection	These property inspections must be completed in accordance with the requirements set forth in Guide Section 9202.12.	N/A	\$15
404007	Interior Property Inspection		N/A	\$20
404016	Ordinance Required Property Inspection (Weekly)	Ordinance inspections are inspections required by local, state or federal statutes and that exceed the requirements set forth in Guide Section 9202.12. These inspections may be completed once a week or every other week.	N/A	\$15
404017	Ordinance Required Property Inspection (Bi-weekly)		N/A	\$15

Securing Abandoned Properties				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
090028	Securing (Knob Locks)	If needed for access to, and/or securing of, the property.	Up to \$60 per knob lock	\$200
090019	Securing (Padlocks)		Up to \$40 per padlock	\$80
090020	Securing (Slider Locks)		Up to \$25 per slider lock	\$50
090021	Securing (Window Locks)		Up to \$25 per window lock	\$50
090022	Security Door		N/A	\$250

## 1 – 4 Unit Property Approved Expense Amounts

Securing Abandoned Properties, continued				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
090030	Boarding (Broken Windows)	Where needed, as required by local ordinances. All missing windows and doors should be boarded, not repaired.	Up to \$1/ United Inch	\$900
090023	Boarding (Doors)	As needed to secure non-access entryways with missing or broken doors.	Up to \$150 per door	\$300

Property Cleaning and Debris Removal				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
091010	Interior Property Cleaning (Refrigerator)	As needed, to remove all perishables from refrigerators, freezers and other appliances that may pose a risk of infestation to the property. Interior must be wiped down and free of hazards.	Up to \$125 per refrigerator or freezer	\$225
091009	Interior Property Cleaning (Toilets)	As needed, to remove waste from the toilet.	Up to \$75 per toilet	\$225
091002	Trash Removal or Dumping Fees	To be used as needed for the removal of health hazards and exterior debris. Interior debris that may pose a risk to the property must also be removed. Exterior personals resulting in a violation or in the way of the grass being cut may be moved under the applicable unit price.	Up to \$40 per cubic yard to remove  Up to \$20 per cubic yard to move	\$900

## 1 – 4 Unit Property Approved Expense Amounts

Yard Maintenance				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
093005	Initial Yard Maintenance (Lots of up to 10,000 square feet)	To be used on properties with lots of 10,000 square feet or less. Full yard cut, weed removal or desert landscaping, as applicable, once per Yard Maintenance Season, as provided below.	Up to \$120	\$150
093004	Initial Yard Maintenance (Lots greater than 10,000 square feet)	To be used on properties with lots greater than 10,000 square feet. Full yard and/or perimeter cut, weed removal or desert landscaping, as applicable, once per Yard Maintenance Season, as provided below.	Up to \$150	\$300
094016	Yard Maintenance (Lots of up to 10,000 square feet)	To be used on properties with lots of 10,000 square feet or less. Semi-monthly full yard grass cuts, weed removal or desert landscaping, as applicable, during Yard Maintenance Season, as provided below.	Up to \$80	\$100
094013	Yard Maintenance (Lots greater than 10,000 square feet)	To be used on properties with lots greater than 10,000 square feet. Semi-monthly full yard or perimeter grass cuts, weed removal or desert landscaping, as applicable, during Yard Maintenance Season, as provided below.	Up to \$120	\$200
094014	Trimming (Shrubs)	As needed during Yard Maintenance Season, as provided below.	N/A	\$400
094015	Trimming (Trees)	As needed during Yard Maintenance Season, as provided below.	N/A	\$600

## 1 – 4 Unit Property Approved Expense Amounts

Yard Maintenance, continued				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
191003	Snow Removal	As needed during Winterization Season (as outlined on the following page).	N/A	\$75

Yard Maintenance Season and Frequency Requirements	Applicable Jurisdictions
Year Round (Monthly)	AZ, NM and NV
Year Round (Semi-Monthly)	AL, AR, CA, FL, GA, GU, HI, KS, LA, MS, OK, SC, TX, VI and PR
06/01-09/30 (Semi-Monthly)	AK
03/01-10/31 (Semi-Monthly)	All others

Pool Securing				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
090031	Pool (In Ground Pool Securing)	Covering or boarding of in ground pools.	Up to \$2.05 per square foot	\$1,600
090025	Pool (Above Ground Pool Securing)	Covering or boarding of above ground pools. Pool may be tarped if pool frame is unable to support weight of covering or boarding. Collapsed pools may be moved to an exterior shed, garage or other secure structure on the property.	Up to \$2.05 per square foot to cover  Up to \$20 per cubic yard to move	\$400
090026	Pool Draining	To be used when draining pools, hot tubs, spas or ponds.	N/A	\$450
090027	Pool (Hot Tubs or Spa Securing)	Covering or boarding of hot tubs, spas or ponds.	N/A	\$50

## 1 – 4 Unit Property Approved Expense Amounts

Winterization				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
090032	Winterization (Dry)	One-time charge during Winterization Season (see below).	N/A	\$120
095020	Winterization (Wet/Steam)	One-time charge during Winterization Season (see below).	N/A	\$175
095021	Winterization (Radiant)	One-time charge during Winterization Season (see below).	N/A	\$250
095022	Re-winterization	If necessary, once per calendar year.	N/A	\$50
095023	Winterization (Additional Unit)	One-time charge during Winterization Season.	Up to \$50 per additional unit	\$150

Winterization Season Requirements	Jurisdictions
Not Permitted	HI, GU, PR and VI
Year Round	AK
09/01-04/30	All others

Miscellaneous				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
191006	Emergency Repairs		N/A	\$600
203000	Sump Pump/HVAC Repair or Replacement	Servicing and restart as needed. Existing hardware must be tested with a generator if electric is not on at the property.	N/A	\$350
191033	Dehumidifier	As needed to abate/prevent mold growth due to moisture.	N/A	\$300

## 1 – 4 Unit Property Approved Expense Amounts

Miscellaneous, continued				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
191035	Mold Treatment	Abatement of interior mold growth with non-primer or non-paint-based chemicals intended for such use (e.g., bleach). A bid to remove mold may be submitted if treatment is not expected to abate further mold growth.	Up to \$0.75 per square foot	\$300
200000	Roof Repair or Replacement	As needed if active leak is present. Flat roofs must not be tarped; all other roofs however, may be tarped if repair work cannot be completed within the expense limit.	Up to \$2 per square foot	\$1,000
200001	Gutter Repair/Cleaning	As needed to prevent blight, roof damage and leaks.	N/A	\$350
191019	Fence Repair	As needed to repair or replace damaged sections of fence in order to secure pool area or property perimeter.	N/A	\$300
090029	Extermination (Licensed)	Fumigation by a professional extermination company.	N/A	\$350
090024	Extermination (Non-Licensed)	As needed to address infestation with over-the-counter products.	N/A	\$100
093003	Pest Removal	Removal of dead vermin from property.	N/A	\$75
090008	Police/Fire Report		N/A	\$20

## 1 – 4 Unit Property Approved Expense Amounts

Utilities and Capping				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
100000	Utilities: Electric	Actual paid amount, does not include interest and penalties. Prior approval is not required for the reimbursement of necessary utility expenses incurred from the Due Date of the Last Paid Installment (DDLPI) through to the date the Servicer receives the Property Condition Certificate (PCC) pursuant to Guide Sections 9202.12 and 8403.2.	N/A	N/A
101000	Utilities: Gas		N/A	N/A
102000	Utilities: Oil		N/A	N/A
103000	Utilities: Water		N/A	N/A
105002	Utilities Transfer	To be used when an on-site visit and wait time are required in the transfer or restoration of utilities.	N/A	\$75
100003	Capping (Electric)	To be used if electric is on.	Up to \$2 per wire	\$50
101001	Capping (Gas)	As needed to prevent damage to property.	Up to \$50 per cap	\$150
103001	Capping (Water)		Up to \$50 per cap	\$150
103002	Capping (Sewer)		Up to \$50 per cap	\$150
105001	Capping (Chimney)	As needed to prevent access to critters and small vermin.	Up to \$250 per cap	\$500
191034	Dryer Vent Cover		N/A	\$50

Deed-in-Lieu and Other				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
404008	Deed-in-Lieu Property Inspection	One-time charge prior to deed execution.	N/A	\$20

## 1 – 4 Unit Property Approved Expense Amounts

Deed-in-Lieu and Other, continued				
Expense Code	Expense Item	Description	Unit Price	Expense Limit
013005	Deed-in-Lieu Borrower Relocation Assistance	Reimbursable up to a maximum of \$3,000 (Refer to Guide Section 9209.4 for details on this assistance.)	N/A	\$3,000
013006	Borrower Relocation Assistance	Reimbursable up to a maximum of \$3,000 (Refer to Guide Section 9301.21 for details on this assistance.)	N/A	\$3,000
500002	Deed-in-Lieu Subordinate Lien Payment	Reimbursable up to a maximum of \$6,000 (Refer to Guide Section 9209.7 for details.)	N/A	\$6,000

Note: For a listing of any previous expense codes not currently listed, refer to earlier versions of Guide Exhibit 57, *1-4 Unit Property Approved Expense Amounts*.

## 1 – 4 Unit Property Approved Expense Amounts

### Attorney Fees and Title Work Expense Limits

The following table outlines Freddie Mac's approved expense limits for attorney fees and costs, and title work. You must request our prior approval for attorney fees and costs that exceed our limits. If you fail to obtain our prior written approval for expenses that exceed our limits, we may adjust your expense reimbursement amount.

Foreclosure Attorney Fees <sup>1, 2, 3</sup>			Title Work <sup>4</sup>
State	Judicial Foreclosure Attorney Fee	Trustee/ Non-judicial Foreclosure Attorney Fee	Expense Limits
Alabama <sup>5</sup>	----	\$1,350	\$365
Alaska <sup>5</sup>	----	\$1,600	TSG
Arizona	----	\$1,350	TSG
Arkansas <sup>5</sup>	----	\$1,400	\$365
California	----	\$1,350	TSG
Colorado <sup>5</sup>	----	\$1,675	Foreclosure Guarantee
Connecticut	\$2,475	----	\$340
Delaware	\$1,800	----	\$340
District of Columbia <sup>5</sup>	\$2,300	\$1,200	\$365
Florida <sup>6</sup>	\$3,350	----	\$400
Georgia <sup>5</sup>	----	\$1,350	\$375
Guam <sup>5</sup>	----	\$1,600	\$275
Hawaii	\$3,350	----	Litigation Guarantee (\$400)
Idaho <sup>5</sup>	----	\$1,150	TSG
Illinois	\$2,400	----	\$365
Indiana	\$2,400	----	\$400

## 1 – 4 Unit Property Approved Expense Amounts

Foreclosure Attorney Fees <sup>1, 2, 3</sup>			Title Work <sup>4</sup>
State	Judicial Foreclosure Attorney Fee	Trustee/ Non-judicial Foreclosure Attorney Fee	Expense Limits
Iowa	\$1,950	----	\$575
Kansas	\$1,950	----	\$340
Kentucky <sup>7</sup>	\$2,400	----	\$375
Louisiana	\$2,000	----	\$415
Maine	\$2,350	----	\$340
Maryland <sup>5</sup>	----	\$2,400	\$390
Massachusetts <sup>5</sup>	----	\$2,550	\$425
Michigan <sup>5,8</sup>	----	\$1,600	\$400
Minnesota <sup>5,8</sup> The approved attorney fee for Torrens Act (expense code 010002) is \$500.	\$1,800	\$1,600	\$275
Mississippi <sup>5</sup>	----	\$1,200	\$340
Missouri <sup>5</sup>	----	\$1,350	\$340
Montana <sup>5</sup>	----	\$1,150	TSG
Nebraska <sup>5</sup>	\$1,950	\$1,150	\$275
Nevada	----	\$1,600	TSG
New Hampshire <sup>5</sup>	----	\$1,350	\$340
New Jersey <sup>9</sup>	\$3,475	----	\$425
New Mexico	\$2,000	----	\$475
New York <sup>6,9</sup>	\$2,675	----	\$510

## 1 – 4 Unit Property Approved Expense Amounts

Foreclosure Attorney Fees <sup>1, 2, 3</sup>			Title Work <sup>4</sup>
State	Judicial Foreclosure Attorney Fee	Trustee/ Non-judicial Foreclosure Attorney Fee	Expense Limits
New York City <sup>6, 9, 10</sup>	\$3,475	----	\$560
North Carolina <sup>5</sup>	----	\$1,875	\$375
North Dakota	\$1,750	----	\$375
Ohio <sup>7</sup>	\$2,550	----	\$515
Oklahoma	\$2,150	----	\$475
Oregon	\$2,950	\$1,350	TSG
Pennsylvania	\$2,400	----	\$400
Puerto Rico	\$2,075	----	\$310
Rhode Island <sup>5</sup>	----	\$1,800	\$340
South Carolina	\$2,275	----	\$375
South Dakota	\$1,800	----	\$425
Tennessee <sup>5</sup>	----	\$1,200	\$365
Texas <sup>5</sup>	\$1,800	\$1,350	\$265
Utah <sup>5</sup>	----	\$1,350	TSG
Vermont <sup>11</sup>	\$2,550	\$1,600	\$365
Virgin Islands	\$1,475	----	\$425
Virginia <sup>5</sup>	----	\$1,350	\$390
Washington <sup>5</sup>	----	\$1,350	TSG
West Virginia <sup>5</sup>	----	\$1,150	\$525

## 1 – 4 Unit Property Approved Expense Amounts

Foreclosure Attorney Fees <sup>1, 2, 3</sup>			Title Work <sup>4</sup>
State	Judicial Foreclosure Attorney Fee	Trustee/ Non-judicial Foreclosure Attorney Fee	Expense Limits
Wisconsin	\$2,000	----	\$365
Wyoming <sup>5</sup>	----	\$1,150	Foreclosure Title Policy

Bankruptcy Attorney Fees <sup>12</sup>	Allowable Fee
<b>Chapter 7</b>	
Proof of Claim Preparation <sup>13</sup>	\$300
Motion for Relief from Stay (up to two hearings and order)	\$750
<b>Chapter 11 and 12<sup>14</sup></b>	
Proof of Claim Preparation, Plan Review and Plan Negotiations <sup>13</sup>	\$750
Objection of Plan (up to two hearings)	\$500
Motion for Relief from Stay (up to two hearings and order)	\$850
Agreed Order; Court Certification of Default/Stay Terminated	\$200
Agreed Order; Notice of Default/Stay Termination	\$50
Amended Plan Review <sup>15</sup>	\$150
<b>Chapter 13</b>	
Proof of Claim Preparation, Plan Review and Plan Negotiations <sup>13</sup>	\$650
Objection of Plan (up to two hearings)	\$500
Motion for Relief from Stay (up to two hearings and order)	\$850
Agreed Order; Court Certification of Default/Stay Terminated	\$200

## 1 – 4 Unit Property Approved Expense Amounts

<b>Bankruptcy Attorney Fees</b>	<b>Allowable Fee</b>
Agreed Order; Notice of Default/Stay Termination	\$50
Payment Change Notifications	\$50
Notice of Fees, Expenses and Charges	\$100
Response to Final Cure Payment for Agreed Response	\$50
Response to Final Cure Payment for Dispute	\$500
Amended Plan Review <sup>15</sup>	\$150
<b>Chapters 7, 11, 12, and 13</b>	
Multiple Filing Litigation <sup>16</sup>	\$500
Additional Hearings	\$200

<sup>1</sup> Approved foreclosure attorney fees for an uncontested foreclosure. Additionally, these expense limits include the cost of any file setup fee charged to the law firm by Freddie Mac, as well as the services required in order to meet the reporting requirements pursuant to Guide Section 9501.10.

<sup>2</sup> Deed-in-lieu of foreclosure – Freddie Mac will reimburse the Servicer up to \$400 in attorneys' fees for the preparation and recordation of a release of mortgage. However, for mortgages referred to foreclosure prior to the Servicer's evaluation of a borrower for a deed-in-lieu of foreclosure, Freddie Mac will not reimburse the Servicer for any fees or costs associated with a deed-in-lieu of foreclosure if it is incomplete or unsuccessful.

<sup>3</sup> Mediation attorney fees and court costs, when required by state or local law, as well as fees charged by a mediation manager or coordinator for participation in a pre-foreclosure mediation program are reimbursable with prior written approval from Freddie Mac in accordance with Guide Section 9701.11.

<sup>4</sup> Expense limits for title work include the cost of an update to the title if required by the state, or to ensure clear and marketable title to the mortgaged premises after the foreclosure sale. Freddie Mac will not reimburse for any additional title abstract, commitment or policy. If the Servicer must obtain an additional update to the title because the original is stale due to bankruptcy delay, Freddie Mac will reimburse the Servicer up to \$125 for the update in Maryland, Ohio and Virginia, and \$75 for all other states. Servicers must contact Freddie Mac for written pre-approval for an additional update if the title becomes stale for any other reason.

<sup>5</sup> For non-judicial foreclosures in these states, if a Servicer must restart a foreclosure proceeding, in whole or in part, due to an allowable delay as defined in Guide Section 9301.46, Freddie Mac will reimburse the Servicer in accordance with Guide Section 9701.12. For additional information, refer to "Reimbursement Requirements When You Must Restart Foreclosure" in this chapter.

<sup>6</sup> Freddie Mac will reimburse the Servicer up to an additional \$1,750 in attorneys' fees for all work necessary to complete the bulk trial foreclosure process in accordance with Guide Section 9301.20, or to complete an inquest in accordance with Guide Section 9301.22.

<sup>7</sup> The title work expense limit reflects the title search fee and the cost of an update to title only. If the state also requires a filed rate insurance product or premium, customarily referred to as the title preliminary report, then the Servicer can be reimbursed this additional amount as a cost by using expense code 300008 (Title Preliminary Cost).

<sup>8</sup> Freddie Mac will reimburse the Servicer for attorney fees to shorten a redemption period, when allowed by applicable state law, if the Servicer has submitted and Freddie Mac has granted written pre-approval of the Servicer's request via the Reimbursement System.

## 1 – 4 Unit Property Approved Expense Amounts

---

<sup>9</sup> Freddie Mac will reimburse the Servicer for attorney fees to foreclose on a Cooperative Share Mortgage, if the Servicer has submitted and Freddie Mac has granted written pre-approval of the Servicer's request via the Freddie Mac Reimbursement System.

<sup>10</sup> Includes the five boroughs of New York City (Manhattan, Brooklyn, Queens, Bronx and Staten Island) as well as Nassau and Suffolk Counties.

<sup>11</sup> The higher attorney fee listed is for cases where there is equity in the property, thus requiring a foreclosure by judicial sale.

<sup>12</sup> If a case converts, Freddie Mac will reimburse the Servicer for up to the allowable legal fee for each of the chapters filed.

<sup>13</sup> If a Mortgage Proof of Claim Attachment (Official Form 410A) must be filed with the Proof of Claim (Official Form B410), Servicers can be reimbursed up to an additional \$300.

<sup>14</sup> Fees for Chapter 11 or Chapter 12, if otherwise not covered in the above reimbursement amounts, will also require pre-approval from Freddie Mac before incurring any excess expense.

<sup>15</sup> If the amended plan review is the result of the Servicer's action or inaction, then Freddie Mac would consider any associated bankruptcy costs and fees as non-reimbursable.

<sup>16</sup> If a borrower is a multiple-bankruptcy filer and petitions the court to extend the automatic stay, Freddie Mac will reimburse the Servicer for up to \$500 to file an objection to an extension of the automatic stay and attend the related court hearings. If the objection to an extension of the stay is denied and the Servicer must then protect Freddie Mac's interests in the bankruptcy proceeding, Freddie Mac will additionally reimburse the Servicer for the applicable bankruptcy fee, up to the allowable limit, for the chapter of bankruptcy filed.

## 1 – 4 Unit Property Approved Expense Amounts

---

### Reimbursement Requirements When You Must Restart Foreclosure

In certain states, if you must restart a foreclosure proceeding, in whole or in part, due to an allowable delay as defined in Guide Section 9301.46, we will reimburse you as follows:

- All of the reimbursable actual costs (per the requirements of the Guide) of each foreclosure attempt and the completed foreclosure
- Up to 70 percent of the approved foreclosure attorney fees for the first foreclosure attempt
- Up to 100 percent of the approved foreclosure attorney fees for the completed foreclosure

Additionally, for any foreclosure attempt subsequent to the first foreclosure attempt, except for the completed foreclosure, you may be reimbursed up to 70 percent of the approved foreclosure attorney fees with our prior written approval. To obtain our written approval, you must submit a request for pre-approval (RPA) via the RPA functionality in the Reimbursement System.

We will not reimburse you for any fees or costs associated with a restarted foreclosure if you have to restart a foreclosure proceeding due to a delay that is not considered an allowable delay as defined in Guide Section 9301.46, or due to your non-compliance with the Guide.

The states affected by this requirement are identified in Exhibit 57A, *Approved Attorney Fees and Title Expenses*. In all other states, we will reimburse you for only one occurrence of the foreclosure attorney fee and reimbursable actual costs (per the requirements of the Guide).

# Requests for Prior Approval (RPAs)

---

## What is a Request for Prior Approval (RPA)?

A request for prior approval (RPA) is a request seeking Freddie Mac's prior approval:

- To exceed the allowable expense limits in *Single-Family Seller/Service Guide (Guide) Exhibits 57, 1-4 Unit Property Approved Expense Amounts*, and 57A, *Approved Attorney Fees and Title Expenses*
- To incur expenses as set forth in Guide Exhibit 74, *Expense and Income Codes for Expense Reimbursement Claims*
- To incur expenses not set forth in Guide Exhibit 74
- For an extension on the number of days to submit an expense reimbursement claim

## Preparing and Submitting the RPA

Keep the following in mind as you prepare and submit the RPA:

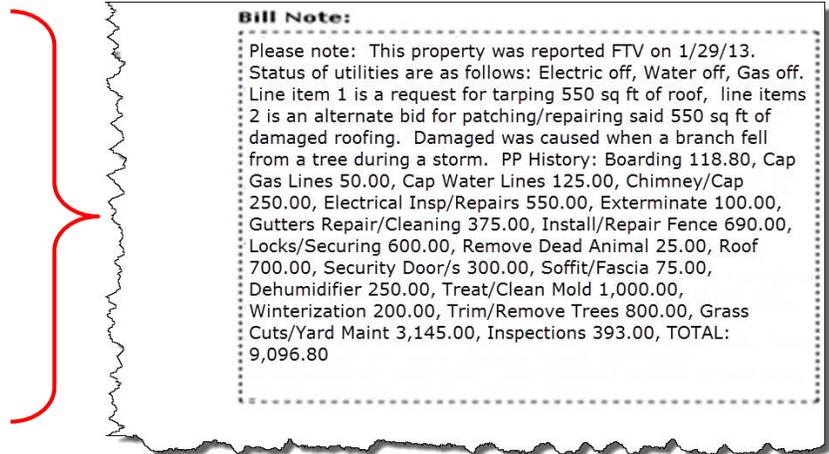
- Ensure that you obtain our prior approval for fees and costs that exceed our expense limits in Guide Exhibits 57 and 57A by submitting an RPA. We may not reimburse fees and costs that exceed the expense limits if you request approval after you have incurred the expense. However, if unusual or emergency circumstances do not allow you to submit an RPA, then you must submit the request by the next business day after incurring the expense. If your determination to incur the expense was reasonable, as determined by Freddie Mac, then we may reimburse the expense.
- When submitting the RPA, be sure to identify any fees or costs that you have incurred to date for an expense code, if any.
- All RPAs require supporting documentation. Examples of supporting documentation include, but are not limited to, the following:
  - Notice of Hearing
  - Copy of Motions
  - Copy of Orders
  - Photographs
  - Violation/Ordinance Notices
- Freddie Mac will not provide prior approval for, or reimbursement for, certain items. For additional information, refer to Chapter 8, *Non-Reimbursable Expenses*.

# Requests for Prior Approval (RPAs)

## RPAs for Property Preservation

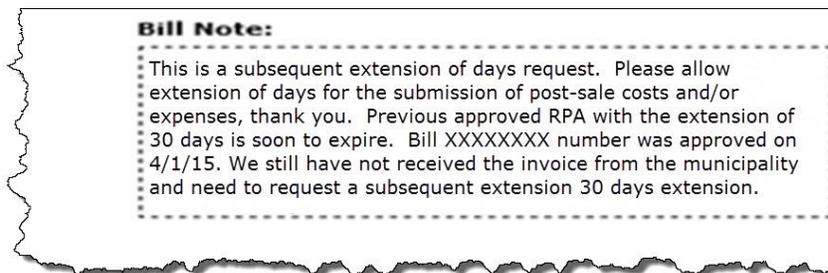
When submitting an RPA for property preservation expenses, document the following in the Bill Note section of the RPA:

- A description of the damage
- The date on which you were notified that the property was vacant
- The status of the utilities
- The property preservation history by expense type/code
- What will be done to address the source of the damage, if applicable



## RPAs for Extension of Days

At times, due to circumstances beyond your control (e.g., a delayed invoice), you may be unable to submit an expense reimbursement claim within the required timeframe. When this occurs, you may submit an RPA to request up to 30 additional days in which to submit the claim. Ensure you fully document the reason for the request in the Bill Note section of the **RPA** and attach supporting documentation to substantiate your request. The approved 30-day extension begins the day we approve the RPA.



If additional time is required beyond the 30-day extension, submit another RPA prior to the expiration of the first 30-day extension.

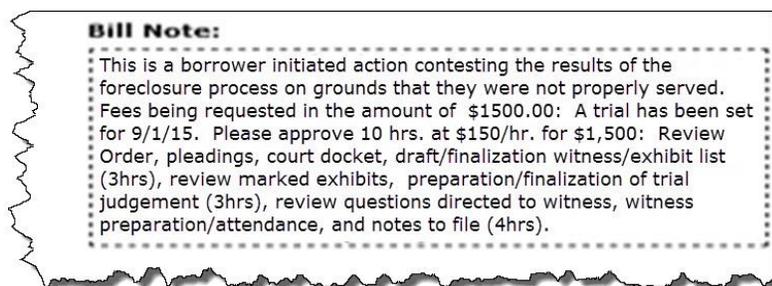
# Requests for Prior Approval (RPAs)

---

## RPAs for Legal Fees

RPAs for legal fees and costs should include, at a minimum, the following information in the Bill Note section:

- A thorough description of the request
- An explanation as to why the additional amount for the expense is required and/or in Freddie Mac's best interest
- A description of the work required, including an estimate of the attorney's fees and litigation costs and the attorney's hourly rate, if necessary or applicable, to justify the amount you are requesting
- The court or action date related to the request, if applicable



Remember to provide supporting documentation such as copies of court orders, motions, and briefs to substantiate your request.

## **Bankruptcy**

Always ensure that you have met our expense limit prior to submitting an RPA for bankruptcy expenses, and ensure that you state this in the Bill Note section of the RPA. If only a portion of the expense limit has been incurred, be sure to indicate any amounts remaining when requesting our prior approval.

## **Mediation**

Expenses related to pre-foreclosure mediation, when required by state or local law, require Freddie Mac's prior approval.

- Use expense code 010004 (Mediation Court Costs) to request prior approval for mediation court costs, as well as mediation manager or coordinator fees.
- Use expense code 010005 (Mediation Attorney Fees) when requesting prior approval to incur attorney fees for attendance and appearance at a mediation hearing or conference.

## Requests for Prior Approval (RPAs)

---

### ***Contested Foreclosure and Non-Routine Litigation***

All expenses related to contested foreclosure and routine/non-routine litigation require Freddie Mac's prior approval. Ensure that you document the information for legal fees outlined above in the Bill Notes section of the RPA.

### **RPAs for Transfer Taxes**

After the foreclosure sale, or when closing a deed-in-lieu of foreclosure transaction, title to the property should be vested in a manner that does not result in an obligation to pay transfer taxes. Freddie Mac will not reimburse you for any transfer taxes, unless all of the following conditions are met:

- Local authorities require you to pay the transfer tax in order to record a deed and ensure that title vests appropriately.
- The transfer tax is paid under protest.
- You submit an RPA for reimbursement of the transfer tax (expense code 074003) via the Reimbursement System. (Refer to Guide Section 9701.15.) Ensure that you attach a copy of the pay under protest letter to the RPA. This type of RPA may be submitted prior to the foreclosure sale or within 45 days after the foreclosure sale.
- Counsel could not process the foreclosure and/or the deed-in-lieu of foreclosure transaction in a manner that would successfully avoid the imposition of the transfer tax obligation.

Freddie Mac will not reimburse transfer taxes if any of the above conditions and requirements do not exist or are not met.

---

## Expense Reimbursement Audit Overview

Periodically, we select a random sampling of the claims you submitted and perform a more extensive audit to ensure compliance with our expense reimbursement requirements. You will be notified of any audit requests via the Reimbursement System and must respond within seven business days by submitting the standard supporting documentation.

If you do not respond within seven business days or your claim does not comply with our established guidelines, we may further adjust your expense reimbursement amount. We will notify you of the results of the audit.

The results of the audit may indicate that:

- Adjustments were required which resulted in additional funds due to you. We will remit the funds to you within 30 calendar days of the date we notify you of the audit findings.
- An expense was not eligible for reimbursement, in which case we will:
  - Provide you with an explanation of the audit findings.
  - Release the claim back to you or adjust the claim based on the audit findings.

If an expense that we previously reimbursed was not eligible for reimbursement, we will bill you for the amounts due back to us. These amounts due will display as a separate line item, 104 Expense, on your *Servicer Non-Performing Loans Invoice*.

- The claim is in compliance with our expense reimbursement requirements.

# Expense Reimbursement Audits

---

This Page Intentionally Left Blank

# Non-Reimbursable Expenses

## Chapter 8

---

### List of Non-reimbursable Expenses

The Non-reimbursable Items section in the Reimbursement System allows you to document expenses you incurred that Freddie Mac identifies as non-reimbursable. If your internal accounting practices require that you report all incurred expenses, you may report the non-reimbursable expenses in the Non-reimbursable Items section of the Reimbursement System.

Freddie Mac considers the following items to be standard operating costs for Servicers, the attorney or broker and, as part of the cost of doing business, not reimbursable:

- Appraisal reports, except when approved by Freddie Mac in advance
- Attorney's fees resulting from correction of matters that should have been resolved before the foreclosure sale, including any costs to resolve real property title issues that are the result of Seller's or Servicer's actions or inactions
- Documentary stamp taxes/transfer taxes/excise taxes on real estate conveyance (Freddie Mac is exempt under Title 12 of the United States Code, Section 1452(e)), unless you received Freddie Mac's prior written approval via the Freddie Mac Reimbursement System
- Facsimile transmission (fax) charges
- Interest, penalties (except for the first tax penalty (and second tax penalty in California as provided in Guide Section 9701.6) incurred as defined in Guide Section 9701.6), late charges, or legal fees for late payment of taxes or homeowners association (HOA) assessments
- Long distance telephone calls
- Mailgram charges
- Mileage or travel costs
- Mortgage credit life insurance premiums
- Other costs of an attorney, such as time or fees for curing a delinquency, document preparation, word processing or notary public services performed by an attorney; co-counsel fees; referral fees, packaging fees or other similar fees and new case start-up fees
- Photocopy costs
- Photographs
- Regular postage
- The actual or imputed value of in-house counsel time expended when the reimbursable matter is handled by in-house counsel

## Non-reimbursable Expenses

---

- Additional fees for preparing a foreclosure deed because the cost of doing so is included in the attorney's fees listed in Guide Exhibit 57A, *Approved Attorney Fees and Title Expenses*
- Credit reports
- Additional fees or service charges billed by a law firm, or any entities the firm relies upon to provide third-party support functions performed on the Servicer's behalf, that are considered included in the attorney's fees listed in Guide Exhibit 57A
- Additional fees or service charges that are billed by a law firm or any entity you rely upon and are associated with your functions. Servicers should pay vendors for handling such Servicer functions at their own expense.

For expenses that are considered non-reimbursable, you or your Permitted Vendors (see Guide Section 2405.7 regarding use of the Reimbursement System by Permitted Vendors) should not be requesting Freddie Mac's written pre-approval by submitting a request for pre-approval (RPA) via the RPA functionality in the Reimbursement System for these expense amounts.

If Freddie Mac determines that you have directly or indirectly passed or charged to Freddie Mac any non-reimbursable expenses, or charged Freddie Mac for servicing obligations covered by the servicing spread (as set forth in Guide Section 8105.3), then Freddie Mac may pursue any or all remedies available under the Guide, other Purchase Documents and applicable law. (See Guide Section 9301.3 regarding Freddie Mac's rights.)