



Servicer Incentive Program

We Believe Excellent Results Deserve Premium Rewards

That's why we created an incentive program to recognize the results that our Servicers achieve through their persistence, hard work and commitment to be the best. Our Servicer Incentive Program is clearly the most comprehensive and rewarding incentive program in the industry. We created this program to match the effort our Servicers are making towards the achievement of a mutually beneficial goal—quality servicing. We measure your performance and report it to you on your confidential Servicer Performance Profile.

Our Servicer Incentive Program includes **three components**: *Investor Reporting and Remitting Incentives, Default Management Incentives, and Tier One Premium Awards.*

Servicer Benefits

Our Servicer Incentive Program is designed to

- Reward you for superior servicing
- Help you offset your costs of pursuing alternatives to foreclosure
- Complement our array of cutting-edge management tools

Investor Reporting and Remitting Incentives

When you achieve a Tier One rating on the Investor Reporting and Remitting section of your Servicer Performance Profile in a calendar quarter, you receive incentives for three consecutive months after the Tier One status is made available. Incentives include

- Waivers of penalties for reporting non-compliance
- Reduction of penalties for cash remittance non-compliance
- Waivers of fees for database updates, research and record reconstruction

Default Management Incentives

We pay you incentives for **alternatives to foreclosure**, and for superior **foreclosure timeline** performance.

- Our **Workout Incentive Program** compensates you, regardless of your Tier rating, for certain settled alternatives to foreclosure. You receive incentives for loan modifications, short payoffs, make-whole pre-foreclosure sales, deeds in lieu of foreclosure, and qualified repayment plans that result in full reinstatement or full payoff. For more information, please see our separate fact sheet, *Workout Incentive Program*, Publication 374.
- In addition, we pay you for **superior foreclosure timeline performance**. A *foreclosure timeline* is the time it takes to process a foreclosure. Because effective timeline management reduces foreclosure costs for everyone concerned, we ask you to process foreclosures promptly and efficiently. The timeline is measured in days from the due date of last paid installment (DDLPI) to the date of the foreclosure sale. Based on all foreclosures you complete in a calendar year,

See reverse for additional details.

Key Features:

- **Receive incentives for superior performance in Investor Reporting and Remitting, and in Default Management**
- **Receive additional incentives for superior performance in both categories at the same time**

Looking for more information on incentives and awards?

Visit www.FreddieMac.com for more information on:

- **Workout Incentive Program**
- **Tools and Incentives for Small- to Mid-Sized Servicers**

To Learn More

- **Call (800) FREDDIE**
- **Visit our website: www.FreddieMac.com**
- **Contact a Freddie Mac servicing representative**

Default Management Incentives, continued

we measure your compliance with our foreclosure timelines, and report your tier rating to you on your Servicer Performance Profile. If your overall Default Management tier performance is

- ⇒ Tier One (73 points and higher)—Incentive amounts are \$8 per day per mortgage for every day you exceed the minimum performance level of 40 days past standard in “Actual Foreclosure Timelines Including Delays”
- ⇒ High Tier Two (65.0 – 72.99 points)—Incentive amounts are \$4 per day per mortgage for every day you exceed the minimum performance level of 40 days past standard in “Actual Foreclosure Timelines Including Delays”

Tier One Premium Awards

You’ll achieve a **Tier One Platinum** award if you simultaneously attain Tier One ratings in both the Investor Reporting and Remitting and the Default Management categories of your Servicer Performance Profile for two quarters during a calendar year. Tier One Platinum incentives include:

- Compensation, depending on the size of your portfolio, of up to \$50,000 from our Performance Compensation Pool
- Technology compensation equal to an additional 25 percent of your Tier One Performance Compensation
- Waivers of transfer of servicing fees
- Waivers of annual EarlyIndicator[®] renewal fees of \$10,000 or use the funds to acquire this innovative technology tool
- A \$1,000 non-cash waiver to be used towards Freddie Mac training classes and events
- Recognition in trade publications, on FreddieMac.com and at events

Freddie Mac is committed to its small- and mid-sized community-based Servicers, and we recognize their excellence through **Tier One Gold**. High-performing Servicers with small seriously delinquent portfolios have the opportunity to achieve Tier One Gold recognition if they:

- Achieve Tier One ratings in Investor Reporting and Remitting for two quarters in a calendar year, and
- Attain a Tier One rating in Default Management based on an average annual calculation during a calendar year, and
- Have a delinquent portfolio that averages one or more seriously delinquent loan per month.

Tier One Gold incentives include:

- A Performance Bonus payout of \$1,000
- Technology compensation equal to an additional 25 percent of your Tier One Performance Compensation
- A \$500 non-cash waiver to be used towards Freddie Mac training classes and events
- Recognition in trade publications, on FreddieMac.com and at events
- Awards

In addition, a Servicer that has met the criteria for Tier One Platinum, Tier One Gold, or any combination of the two for four consecutive years and had no material foreclosure timeline penalties is eligible for our annual **Hall of Fame** award. To be eligible, your foreclosure timeline penalties must be the lesser of \$25,000 or a certain percentage of the unpaid principal balance of 90+ day delinquent loans in your portfolio as of December 31 for the calendar year. Hall of Fame Servicers will receive additional incentives of up to \$50,000.

NOTE: This information is intended to provide an overview of the Servicer Compensation Program to Freddie Mac Servicers. The incentive payments under the Servicer Incentive Program do not constitute part of the Servicers’ base servicing compensation, and Freddie Mac reserves the right to change the program at any time. The 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 Servicer must comply with all of the provisions of the Guide, and of all other purchase documents, as that term is defined in the Guide. This information does not constitute a part of the Guide. Freddie Mac may change terms of incentives at any time.