



EarlyIndicator

The Premier Default Management Application

EarlyIndicator® is a software application that incorporates statistical models to predict if a delinquent loan will be resolved, or advance through to a loss-producing state, and ultimately to REO. The application can be used to score **all** of the delinquent mortgages in your portfolio, including conventional, FHA/VA and subprime loans, as well as mortgages in foreclosure. By implementing EarlyIndicator, you will be able to prioritize your collection and loss mitigation activity by focusing on the mortgages that pose the greatest risk of default.

> Servicer Benefits

- Reduce credit losses
- Help borrowers avoid foreclosure
- Greatly improve the efficiency of your call campaigns and delinquency management operations
- Make decisions that are timely, objective, consistent, and comprehensive
- Avoid unnecessary calls to over 80% of those borrowers who are good payers by timing your call campaigns; e.g., utilizing the suggested EarlyIndicator collection campaign calendars.
- As a new user, receive a three-month free trial
- Utilize our EarlyIndicator Work Rules and receive waivers to our normal servicing guidelines

> Borrower Benefits

- Top priority is given to contacting borrowers with the greatest risk of going deeper into delinquency and possibly losing their homes. Early identification and contact may broaden the opportunity to offer foreclosure alternatives.
- EarlyIndicator's insight into a borrower's past payment behavior can help you develop effective and appropriate communication strategies for each borrower.
- When used in conjunction with Workout Prospector®, borrowers receive timely, consistent, non-subjective, quality assistance to ensure the highest likelihood of a lasting resolution to their delinquency.

WHAT YOU NEED TO KNOW ABOUT EARLYINDICATOR

Scoring	<p>To produce a score, EarlyIndicator uses</p> <ul style="list-style-type: none">• The borrower's payment history on the actual mortgage being scored• An estimate of the current market value of the property from Freddie Mac's industry-leading home valuation models• Local market economic data• Other borrower and mortgage characteristics <p>After the age of a loan's delinquency is determined, a Collection or Loss Mitigation scoring model is invoked and generates one of the following scores.</p> <ul style="list-style-type: none">• An EarlyIndicator <i>Collection</i> score, ranging from 000/F to 099/A (000/F representing the highest risk), measures the likelihood that a mortgage due for one payment will become due for two payments.• An EarlyIndicator <i>Loss Mitigation</i> score, ranging from 101/F to 400/A (101/F representing the highest risk), measures the likelihood that a mortgage due for two or more payments, including a mortgage in foreclosure, will result in a borrower losing their home.
Applying Scores	<p>Generally, Servicers using the EarlyIndicator collection scores queue their newly delinquent loans, which are due for one payment, into an automated dialer. They also utilize the Freddie Mac suggested EarlyIndicator collection campaign calendars to plan their monthly call campaigns by collection score range.</p> <p>The loss mitigation scores are used in the loss mitigation solicitation process to target those borrowers most likely to lose their homes. Early identification of these borrowers may broaden the opportunity to offer foreclosure alternatives.</p>
Work Rules	<p>To ensure that Servicers receive the maximum operational benefits from using EarlyIndicator, we developed a set of Work Rules. Our Work Rules, which are available for any licensed user, serve to greatly increase process efficiencies and provide cost savings to Servicers using this comprehensive and predictive default management tool.</p>
Getting EarlyIndicator	<p>To begin using EarlyIndicator and experiencing its power on your portfolio, contact us to complete a contract. We will work closely with you (and your service bureau, if applicable) to successfully implement the application. If a service bureau is used, hook up and implementation are remarkably simple.</p>

Learn more about EarlyIndicator:

- Visit our website: www.FreddieMac.com/EarlyIndicator
- Contact a Freddie Mac servicing representative