



## Workout Incentive Program

### Newly Increased Compensation for Pursuing Workout Options to Help Keep Borrowers in Homes

Servicers and Freddie Mac have an interest in helping borrowers who are delinquent in their mortgage payments avoid foreclosure and remain homeowners. Workouts provide options that, in most cases, keep borrowers in their homes. We created the Workout Incentive Program to help you offset your costs and encourage you to pursue workouts more aggressively. In response to today's critical market challenges, we've increased our workout incentives to demonstrate our focus on increasing workouts and foreclosure avoidance.

#### > Servicer Benefits

Our Workout Incentive Program rewards you, regardless of your tier rating, for the hard work you do to find the right solution for your borrower. The program is designed to

- Help you offset your costs for eligible alternatives to foreclosure
- Complement our array of cutting-edge default management tools
- Encourage you to reach out to borrowers and aggressively pursue alternatives to foreclosure

#### > Borrower Benefits

- Freddie Mac is committed to helping borrowers sustain homeownership or avoid foreclosure. We deliver on that commitment by developing management tools that enable you to work effectively with defaulted borrowers, and by giving you monetary incentives for completed eligible alternatives to foreclosure.
- We encourage and support contacting more delinquent borrowers. In an effort to reach out to borrowers more to help prevent foreclosure, **beginning August 1, 2008, through March 31, 2009**, Freddie Mac we will reimburse servicers for utilizing a door-hanging or door-knocking service.
- We've also enhanced our Web pages at [http://www.freddiemac.com/corporate/buyown/english/purchasing/owning/avoid\\_foreclosure.html](http://www.freddiemac.com/corporate/buyown/english/purchasing/owning/avoid_foreclosure.html) to give you a powerful new tool to help your borrowers better understand that they should contact you as soon as possible when financial hardship strikes.

The pages explain, in English and Spanish, different types of workout options that may be available to them, and give them resources to locate a qualified credit-counseling agency in their area.

**IMPORTANT WORKOUT INCENTIVE PROGRAM INFORMATION**

<b>Eligible Mortgages</b>	Mortgages on 1- to 4-unit homes, including those covered by mortgage insurance, are eligible for the program. Second mortgages, home improvement loans, mortgages guaranteed by the FHA, VA, or RHS, and mortgages sold to us with recourse are not eligible. If a mortgage insurer's contribution to a short payoff fully pays off the borrower's debt to us (also known as a make-whole pre-foreclosure sale), you will receive the incentive amount for a short payoff.										
<b>How You Are Paid</b>	We will track all workouts you settle on a monthly basis and send you a check and the loan detail for all of the eligible workouts and repayment plans you settled during the period for which you are being compensated. Please note that compensation for qualified repayment plans will be paid one month in arrears due to cycle cutoff requirements, and that we consider a workout "settled" when we receive and process your necessary documentation and transmissions.										
<b>Incentive Amounts</b>	<ul style="list-style-type: none"> <li>• If your settled workouts are performed by Freddie Mac, you will receive \$100 for every settled loan modification and \$200 for every settled short payoff.</li> <li>• If you perform your own workouts, we will pay you incentives for eligible workouts according to the following chart:</li> </ul> <table border="1" data-bbox="423 499 1479 890"> <thead> <tr> <th data-bbox="423 499 716 527">Workout Type</th> <th data-bbox="716 499 1479 527">Incentive Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="423 527 716 554">Loan Modification</td> <td data-bbox="716 527 1479 554">\$800</td> </tr> <tr> <td data-bbox="423 554 716 638">Short Payoff and Make-Whole Pre-foreclosure Sales</td> <td data-bbox="716 554 1479 638">\$2,200</td> </tr> <tr> <td data-bbox="423 638 716 665">Deed in lieu of foreclosure</td> <td data-bbox="716 638 1479 665">\$275</td> </tr> <tr> <td data-bbox="423 665 716 890">Repayment Plans</td> <td data-bbox="716 665 1479 890">                     \$500 for a successful repayment plan, if the following conditions are met:                     <ul style="list-style-type: none"> <li>• The mortgage must be 60 or more days delinquent at the time the borrower entered into the repayment plan.</li> <li>• The borrower must completely reinstate or payoff the mortgage.</li> <li>• You must correctly report the repayment plan to us via electronic default reporting (EDR).</li> </ul> </td> </tr> </tbody> </table>	Workout Type	Incentive Amount	Loan Modification	\$800	Short Payoff and Make-Whole Pre-foreclosure Sales	\$2,200	Deed in lieu of foreclosure	\$275	Repayment Plans	\$500 for a successful repayment plan, if the following conditions are met: <ul style="list-style-type: none"> <li>• The mortgage must be 60 or more days delinquent at the time the borrower entered into the repayment plan.</li> <li>• The borrower must completely reinstate or payoff the mortgage.</li> <li>• You must correctly report the repayment plan to us via electronic default reporting (EDR).</li> </ul>
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<b>Reimbursement of Borrower Outreach Services</b>	<p>To encourage and support contacting more delinquent borrowers in an effort to prevent foreclosure, beginning <b>August 1, 2008, through March 31, 2009</b>, Freddie Mac will reimburse servicers for utilizing a door-hanging or door-knocking service. To qualify for reimbursement, the mortgage must be at least 90 days delinquent, the borrower must not have been contacted previously, and the outreach activities must be performed by an independent third party vendor.</p> <p>Exhibit A of our July 31, 2008, <i>Single-Family Seller/Servicer Guide</i> Bulletin outlines the complete requirements and the process for reimbursement.</p>										

**Learn more about the Workout Incentive Program:**

- Call (800) FREDDIE
- Visit <http://www.freddiemac.com/service/factsheets/woinc.html>