



Workout Incentive Program

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 early and persistently. In response to today's critical market challenges, our workout incentives demonstrate our focus on early intervention, 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 defaulted borrowers early, obtain complete Borrower Response Packages, and steadfastly 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 complete Borrower Response Packages and completed eligible alternatives to foreclosure.

We encourage and support contacting more delinquent borrowers, and reaching them early. Our Web pages at http://www.freddiemac.com/corporate/buyown/english/purchasing/owning/avoid_foreclosure.html give you a powerful 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 gives them resources to locate a qualified credit-counseling agency in their area.

KEY INFORMATION ABOUT THE WORKOUT INCENTIVE PROGRAM

Eligible Mortgages	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.										
How You Are Paid	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.										
Workout Incentive Amounts	<ul style="list-style-type: none"> • 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. • If you perform your own workouts, we will pay you incentives for eligible workouts according to the following chart: <table border="1" data-bbox="418 499 1469 888"> <thead> <tr> <th data-bbox="423 506 711 527">Workout Type</th> <th data-bbox="716 506 1464 527">Incentive Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="423 533 711 554">Loan Modification</td> <td data-bbox="716 533 1464 554">\$800</td> </tr> <tr> <td data-bbox="423 560 711 636">Short Payoff and Make-Whole Pre-foreclosure Sales</td> <td data-bbox="716 560 1464 636">\$2,200</td> </tr> <tr> <td data-bbox="423 642 711 663">Deed in lieu of foreclosure</td> <td data-bbox="716 642 1464 663">\$275</td> </tr> <tr> <td data-bbox="423 669 711 882">Repayment Plans</td> <td data-bbox="716 669 1464 882"> \$500 for a successful repayment plan, if the following conditions are met: <ul style="list-style-type: none"> • The mortgage must be 60 or more days delinquent at the time the borrower entered into the repayment plan. • The borrower must completely reinstate or payoff the mortgage. • You must correctly report the repayment plan to us via electronic default reporting (EDR). </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"> • The mortgage must be 60 or more days delinquent at the time the borrower entered into the repayment plan. • The borrower must completely reinstate or payoff the mortgage. • You must correctly report the repayment plan to us via electronic default reporting (EDR).
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BORROWER RESPONSE PACKAGE BENCHMARKS, INCENTIVES AND COMPENSATORY FEES

Borrower Response Package Benchmarks, Incentives, and Compensatory Fees	<ul style="list-style-type: none"> • Consistent with our comprehensive approach to performance management, our vision for the Freddie Mac Servicing Success Program, and the joint-GSE Servicing Alignment Initiative, we set benchmarks and pay incentives for contacting delinquent borrowers early and obtaining complete Borrower Response Packages. • Looking at the population of borrowers who become 60 days delinquent as of the beginning of a month, we measure Freddie Mac Servicers at the end of a six-month period to determine how many of these borrowers: <ul style="list-style-type: none"> ▪ Delivers complete Borrower Response Packages, ▪ Becomes current or pays off, or ▪ Becomes less than 60 days delinquent. • We set performance benchmarks based on how many complete Borrower Response Packages you receive from the percentage of the tracked population of borrowers. <ul style="list-style-type: none"> ▪ A performance benchmark of 50 percent ▪ An incentive benchmark of 60 percent • We pay a \$500 incentive for each complete package received if a Servicer meets or exceeds the 60 percent incentive benchmark. • We assess a \$500 compensatory fee for each package not received that would have brought a Servicer to the 50 percent benchmark. • Servicers will not receive an incentive or be assessed a compensatory fee if the percentage for completed Borrower Response Packages for 60+ delinquent borrowers fall between the 50 percent and less than 60 percent benchmarks.
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Learn more about the Workout Incentive Program:

- Call (800) FREDDIE
- Visit www.FreddieMac.com/service/factsheets/woinc.html