

Bulletin

NUMBER: 2013-14

TO: Freddie Mac Servicers

July 31, 2013

SUBJECT: SERVICING INCENTIVES AND COMPENSATORY FEES

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are announcing the elimination of the complete Borrower Response Package and Delinquency improvement performance standard and the associated Servicer incentives and compensatory fees.

We are also announcing a \$500 increase in the incentive we will pay Servicers for completing a Home Affordable Modification Program (HAMP®) modification.

ELIMINATION OF THE COMPLETE BORROWER RESPONSE PACKAGE AND DELINQUENCY IMPROVEMENT PERFORMANCE STANDARD

Effective for all collection periods with a start date on or after August 1, 2013

Effective for all collection periods with a start date on or after August 1, 2013, we are eliminating the complete Borrower Response Package and Delinquency improvement performance standard previously introduced in Bulletin 2011-11. Servicers are reminded that they must continue to collect the Borrower Response Package when required to do so by the Guide. However, we are eliminating the associated standard as well as the incentive and compensatory fee structure because some of our loss mitigation programs are streamlined and do not require a Borrower Response Package in all circumstances.

Effective for all collection periods with a start date on or after March 1, 2013, we will discontinue the assessment of compensatory fees for Servicers that do not meet the minimum benchmark for the complete Borrower Response Package and Delinquency improvement standard.

For all collection periods with a start date prior to August 1, 2013, we will continue to pay a \$500 incentive for each complete Borrower Response Package reported to Freddie Mac if the Servicer has a performance measurement that meets or exceeds the incentive benchmark.

Servicers are reminded that they must continue to notify Freddie Mac that they have received a complete Borrower Response Package via an Electronic Default Reporting (EDR) transmission by reporting default action code H5 within the first three Business Days of the month following the month the Servicer received a complete Borrower Response Package.

The performance standard measurement will continue to be reflected on the Borrower Response Package Monthly Progress Report on Default Reporting ManagerSM until all collection periods with a start date prior to August 1, 2013 are completed.

Guide Sections 6.12, *Freddie Mac Remedies*, 64.6, *Evaluation Hierarchy, Borrower Solicitation and Communication*, and 65.8, *Performance Standards*, and Guide Exhibit 96, *Servicing Incentives and Compensatory Fees*, have been updated to reflect these changes.

For all collection periods with a start date on or after March 1, 2013, but prior to August 1, 2013, the following grid describes the details of the measurement for the complete Borrower Response Package and Delinquency improvement performance standard being eliminated from Section 65.8 by the changes announced in this Bulletin:

Topic	Measurement
Delinquent Borrower Population	The number of Borrowers who become 60 days delinquent (“Delinquent Borrower Population”) at the beginning of a month (“Start Date”) <p><i>Excludes delinquent Borrowers in bankruptcy (including a bankruptcy filed after the Start Date) and completed repurchases (as defined in Section 72.4)</i></p>
Collection period	Six months from Start Date <p><i>Excludes delinquent Borrowers in bankruptcy (including a bankruptcy filed after the Start Date) and completed repurchases (as defined in Section 72.4)</i></p>
Borrower Response Population	The number of Borrowers in the Delinquent Borrower Population who have delivered complete Borrower Response Packages, who are current or less than 60 days delinquent, or who pay off the Mortgage, at the end of the collection period (“Borrower Response Population”) <p><i>Excludes delinquent Borrowers in bankruptcy (including a bankruptcy filed after the Start Date) and completed repurchases (as defined in Section 72.4)</i></p>
Performance Measurement	The Borrower Response Population divided by the Delinquent Borrower Population (“Performance Measurement”)
Minimum benchmark	The Performance Measurement is 50%
Incentive benchmark	The Performance Measurement is greater than or equal to 60%

HOME AFFORDABLE MODIFICATION PROGRAM (HAMP) INCENTIVES

Effective for Mortgages with HAMP Modification Effective Dates on or after April 1, 2014

For Mortgages with HAMP Modification Effective Dates on or after April 1, 2014, we are increasing the Servicer incentive by \$500 if the modification is completed in accordance with the Guide. The new Servicer incentive amounts are as follows:

Number of Days Delinquent at Trial Period Plan Effective Date	Incentive Amount
Less than or equal to 120 days delinquent (150 days from Due Date of Last Paid Installment (DDLPI))	\$2,100
121 days or more delinquent to and including 210 days delinquent (151 to 240 days from DDLPI)	\$1,700
Greater than 210 days delinquent (greater than 240 days from DDLPI)	\$900

Section C65.9, *HAMP Incentives*, and Exhibit 96 have been updated to reflect these changes.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 6, 64, 65 and C65
- Exhibit 96

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE and select “Servicing.”

Sincerely,

A handwritten signature in cursive script that reads "Tracy Hagen Mooney".

Tracy Hagen Mooney
Senior Vice President
Single-Family Servicing and REO