

Proactive and diligent foreclosure timeline management practices are essential for achieving compliance with our requirements, allowing us to assess our risk of exposure to preventable losses, and improve the marketing process for properties that become REO.

This reference guide:

- Explains how we [evaluate your foreclosure timeline performance](#) and [determine whether a compensatory fee is assessed](#).
- Introduces the [Foreclosure Timeline Compensatory Fees Overview](#), and explains how to access it.
- Explains the foreclosure timeline compensatory fee [appeal process](#).

For additional information about foreclosure timeline compensatory fees, contact Customer Support at 800-FREDDIE or refer to the following resources:

- *Single-Family Seller/Servicer Guide* (Guide) Chapter 9301, *Foreclosures*
- Guide Exhibit 83, *Freddie Mac State Foreclosure Timelines*
- Guide Exhibit 83A, *Determining State Foreclosure Timeline Performance Compensatory Fees*

How We Evaluate Your Foreclosure Timeline Performance

We evaluate your foreclosure timeline performance by comparing the number of days it took you to complete a foreclosure from the due date of the last paid installment (DDLPI) to the foreclosure sale date against our state foreclosure timeline standards. For a listing of our state foreclosure timelines, refer to Guide Exhibit 83, *Freddie Mac State Foreclosure Timelines*.

On a calendar year basis, we will evaluate your timeline performance for each loan that went to foreclosure sale with a result of Freddie Mac REO or reverted to a third-party bidder. Loans with timeline performance that exceeded our foreclosure timeline standards (positive exposure) will be subject to a compensatory fee in addition to any actual damages caused by your organization's failure to comply with Guide requirements. Loans with timeline performance that were under our foreclosure timeline standards (negative exposure) will offset those loans that exceeded our standards. We will total the performance of all mortgages managed over and under our state foreclosure timelines on a national basis.

The following mortgages are not included in the evaluation:

- FHA-insured, VA-guaranteed, and RHS mortgages
- Loans sold to Freddie Mac with recourse and repurchased prior to the assessment of a foreclosure timeline compensatory fee

For additional details regarding how we calculate compensatory fees, refer to Guide Exhibit 83A, *Determining State Foreclosure Timeline Performance Compensatory Fees*.



We perform the following high-level steps to determine your overall foreclosure timeline performance:

Step 1: Calculate the Actual Foreclosure Timeline Performance for Each Mortgage

We will determine how many days it took you to complete each foreclosure sale during the calendar year and whether those days were over or under that state's foreclosure timeline standard (compensatory fee exposure). Using the following loan-level compensatory fee calculation, we then determine the compensatory fee amount for each individual foreclosure sale in each state.

$$\left[\left(\frac{\text{Total Days: DDLPI to Foreclosure Sale}}{\text{Foreclosure Sale}} \right) - \left(\frac{\text{State Foreclosure Timeline}}{\text{Foreclosure Timeline}} \right) - (\text{Allowable Delays}) \right] * \left[\frac{\text{UPB} * \text{ANY}}{365 \text{ days}} \right] = \left(\frac{\text{Loan Level Compensatory Fee Exposure in Dollars}}{\text{Fee Exposure in Dollars}} \right)$$

Compensatory fee exposure equals the actual number of days from the DDLPI to foreclosure sale minus the state foreclosure timeline (DDLPI to sale) minus any allowable delay days.

The per diem compensatory fee equals the unpaid principal balance (UPB) multiplied by the Accounting Net Yield (ANY) divided by 365.
NOTE: We use the ANY in effect on the foreclosure sale date for this calculation.

If:	Then the calculation result will be:
You managed the foreclosure under our state foreclosure timeline standard	A negative exposure for the loan which results in a compensatory fee credit.
You exceeded our state foreclosure timeline standard	A positive exposure for the loan which results in a compensatory fee assessment.



Example:

- Property is located in Connecticut
- UPB: \$100,000
- ANY (at time of foreclosure sale on 02/01/17): 4.75%
- DDLPI: 02/01/15
- Date referred to foreclosure: 08/01/15
- Foreclosure sale date: 02/01/17
- Servicer's overall state foreclosure timeline: 731 days
- Freddie Mac's state foreclosure timeline in Connecticut = 660 days
- Number of days Servicer exceeded Freddie Mac's state foreclosure timeline: 71
- Allowable delays = 0

$$[(731 \text{ days}) - (660 \text{ days}) - (0 \text{ days})] \times \left[\frac{(\$100,000 \times 4.75\%)}{365 \text{ days}} \right] = \left(\frac{\text{Loan Level}}{\text{Exposure}} \right) = \$923.97$$

In this loan-level example, the Servicer's state foreclosure timeline performance exceeded our requirements by 71 days. Therefore, a compensatory fee assessment of \$923.97 will be included in the netting calculation performed in Step 2.

Step 2: Calculate the Aggregate Compensatory Fee on a National Basis

We will net the compensatory fees and credits calculated in Step 1 for all foreclosure sales completed in the calendar year.



How We Determine Whether a Compensatory Fee is Assessed

We will determine whether to assess a compensatory fee as outlined below:

If the aggregate compensatory fee calculated on a national basis is:	Then:			
Equal to or less than \$300,000	No compensatory fee will be assessed for that calendar year. This is considered the <i>de minimis</i> billing exception.			
Greater than \$300,000	We will calculate your overall Servicer Success Scorecard ranking for that calendar year against the respective rank group you belong to on December 31 st of that calendar year. Note: This does not apply to a Servicer where an overall ranking is not provided, whether because no Servicers in that Servicer's rank group are provided an overall ranking, or the individual Servicer did not receive an overall ranking within its rank group.			
	If:	Then:		
	Your overall ranking for the calendar year is in the top 75 percent of your rank group on December 31 st	No compensatory fee will be assessed for that calendar year.		
	Your overall ranking for the calendar year is in the bottom 25 percent of your rank group on December 31 st -or- An overall ranking is not provided because no Servicers in your rank group are	You may be placed into an action plan.		
		If:	Then:	
You are placed into an action plan		We will suspend the assessment of the compensatory fee until we determine if you met the terms of the plan.		
	If you:	Then you:		
	Meet the terms of the plan	Will not be assessed a compensatory fee.		
Do not meet the terms of the plan	Will be assessed the compensatory fee.			



	provided an overall ranking (Servicers in Rank Group 4) or you did not receive an overall ranking within your rank group	You are not eligible for an action plan	You will be assessed the compensatory fee. You must submit any loan-level appeals within 90 days in accordance with Guide Section 9301.47(c).
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The Importance of Accurate Reporting

Reporting your monthly EDR data and foreclosure sale results accurately and in a timely manner is critical to effective foreclosure timeline management. We determine the actual amount of time it took you to complete a foreclosure based on the EDR data you report to us each month and the foreclosure sale results you report.

Type of Reporting	When to Report
EDR	Report activity within the first three business days of the month following the month in which the activity occurred. For additional information about EDR, refer to the EDR Quick Reference Guide .
Foreclosure Sale Results	Notify us of the results through the Foreclosure Sale submission no later than the business day immediately following the date of the foreclosure sale.

We adjust our state foreclosure timelines for certain allowable delays set forth in Guide Section 9301.37 and Guide Exhibit 83A, *Determining State Foreclosure Timeline Compensatory Fees*, provided you have complied with our EDR requirements and reported all delays in an accurate and timely manner. Refer to Guide Exhibit 83A for information on how we calculate the additional time granted for allowable delays.

Foreclosure Timeline Compensatory Fee Overview

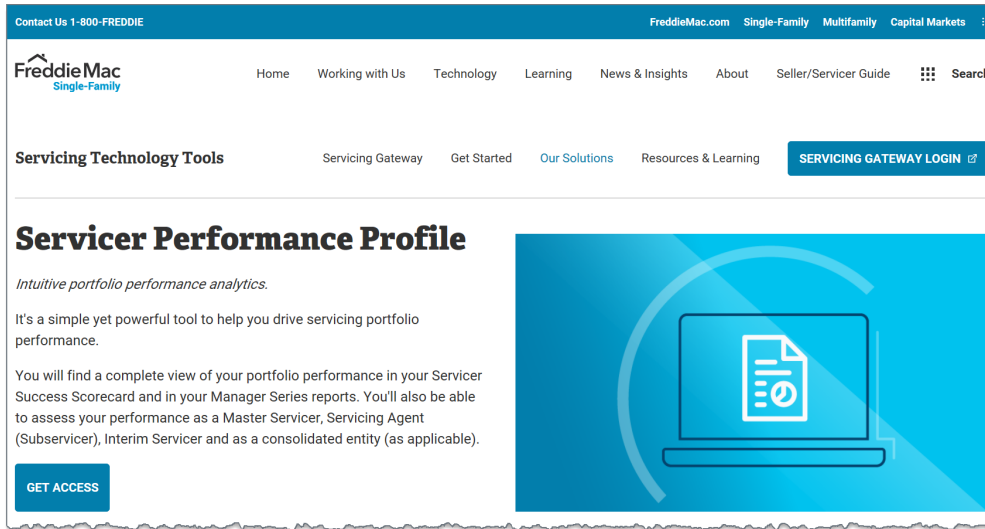
On the fifth business day of every month, we make available to you, via the Servicer Performance Profile, the *Foreclosure Timeline Compensatory Fee Overview* and its corresponding detail reports, which reflect the year-to-date foreclosure timeline performance through the end of the prior month. It is important that you are familiar with these reports and review them on a monthly basis so that you can submit appeals, if necessary, when the foreclosure timeline compensatory fee process has been completed.

For additional information, refer to the [Freddie Mac Manager Series Reports Reference Guide](#).

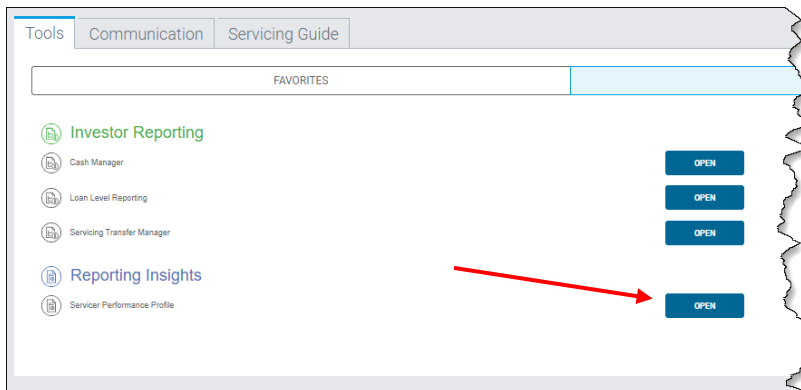
How to Access the Foreclosure Timeline Compensatory Fee Overview

Perform the following steps to access the Foreclosure Timeline Compensatory Fee Overview:

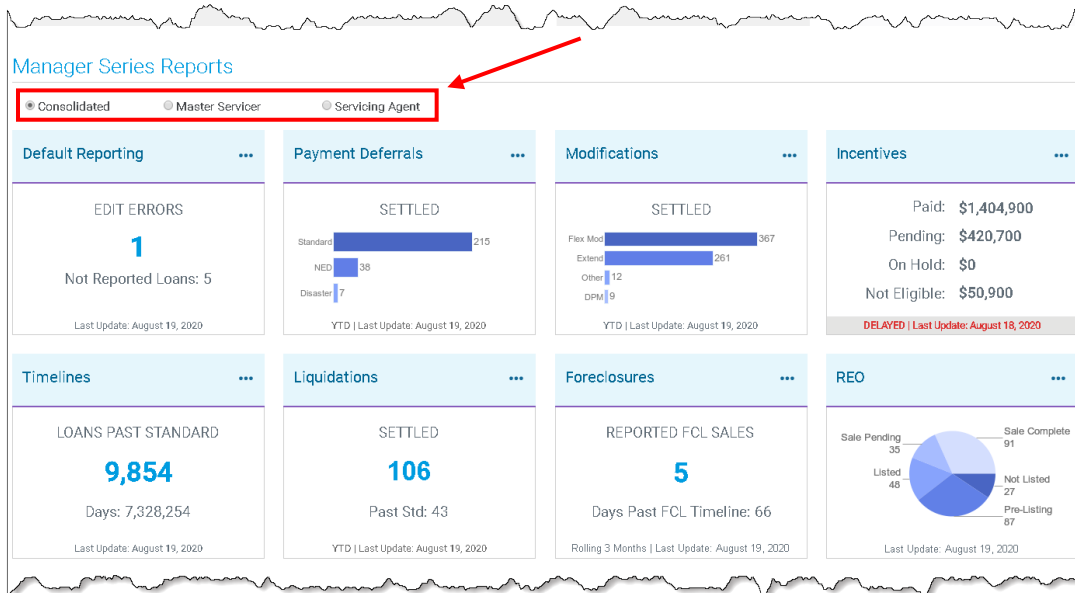
1. Access the [Servicer Performance Profile page](#) on FreddieMac.com. You may also access the Servicing Gateway directly at <https://sg.freddiemac.com>.



2. Click **Servicing Gateway Log In** and enter your user ID and password when prompted. The Servicing Gateway home page displays.
3. Click the Servicer Performance Profile **Open** button. The Servicer Performance Profile home page displays.




4. Under Manager Series Reports, select the radio button that corresponds to the view you want the reports to reflect, as applicable.



5. Select the Foreclosures tile and click the icon to display the reports menu.



6. Click the FCL Timeline Compensatory Fees Overview link to display the report. Click the download icon  to display the detail reports.

Appealing a State Foreclosure Timeline Compensatory Fee

If you believe that due to extenuating circumstances, we should re-evaluate an estimated foreclosure timeline compensatory fee, you may submit an appeal to us for consideration. As part of the appeals process, you may submit data to correct past reporting discrepancies. See Guide Sections 2406.5 and 9301.47(c) for more information regarding appeals.

When to Submit Your Appeal

Review the *Foreclosure Timeline Compensatory Fee Overview* and its corresponding detail reports each month to validate the prior month's estimated foreclosure compensatory fees. We recommend that you



do not submit any appeals until all steps outlined in Guide Section 9301.47(b) have been completed and you have been notified that the compensatory fees are now assessed and subject to billing. At that time, you must submit any loan-level appeals within 90 days in accordance with Guide Section 9301.47(c).

Document and Submit Your Appeal

To help us analyze your request quickly and efficiently, it is important that you thoroughly document your appeal and submit it to us within the required timeframe. You must submit, in your original appeal, a description of all delays, along with all related documentation. Any information received after the original appeal is filed will not be considered.

You must submit the appeal to us using the [Freddie Mac Default Fee Appeal System](#). For additional information, refer to the [Freddie Mac Default Fee Appeal System Reference Guide](#).

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Service Guide* or any other contractual agreements. This information does not constitute an agreement between Freddie Mac and any other party.

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