

## Submitting Tax and Insurance Expenses

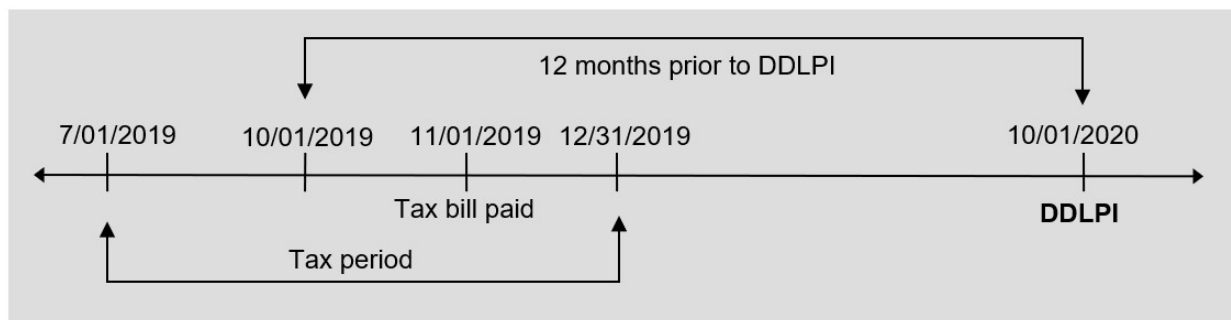
This quick reference provides information on how to avoid common errors when submitting tax and insurance related expenses in PAID (Payments Automated Intelligent and Dynamic). Examples are provided to illustrate expenses that have been created and are in a 'Draft' or 'PAID' Status, as indicated. Although not required to submit an expense, users are encouraged to validate expenses prior to submission. This can be done at the time of a Bulk Upload or when creating an expense manually using Expense Builder (e.g., click on the  icon to validate the expense and view applicable exception messages.

When entering the 'Expense From' and 'To Dates', prorate the expense to ensure that the 'Expense to Date' and 'Requested Amount' requested does not extend beyond the payoff or liquidation/reinstatement date. Expenses paid beyond the liquidation date should be recovered through the payoff or reinstatement process. If the expense cannot be recovered, submit your reimbursement request as an RPA.

## Submitting Tax Expenses

Billing periods must reflect the tax cycle on the tax bills. Freddie Mac will not reimburse tax expenses if the billing periods you list overlap with the previously submitted billing periods. For Non-REO and Third-Party expenses, taxes are reimbursable if incurred and paid to a taxing authority up to 12 months prior to the Due Date of Last Paid Installment (DDLPI) through the payoff date. For REO expense submissions, Freddie Mac will reimburse for real estate taxes incurred and paid beginning no more than 12 months prior to the DDLPI, and through the foreclosure sale held and deed-in-lieu of foreclosure date and paid in accordance with the requirements of Section 9603.13(a). If 12 months prior to the DDLPI falls within a tax period, the entire tax period is reimbursable.

For Example: The expense is for real estate taxes paid for a property located in ABC County, California. Each year expenses are billed semi-annually (billing periods are 1/1- 6/30 and 7/1-12/31). In this example taxes were paid 11/2019. The DDLPI is 10/01/2020. Twelve months prior to the DDLPI is 10/01/2019. Even though you paid the tax bill in 11/2019, Freddie Mac will reimburse you for the entire billing period (7/1/2019-12/31/2019) because 12 months prior to the DDLPI (10/01/2019) falls within the 7/01/2019 - 12/31/2019 billing period.



You must contact us and obtain our written approval before making payments to taxing authorities when federal, state, or local income tax liens would take priority over our first lien position. When submitting expenses in PAID, ensure the 'Expense From Date' and 'Expense To Date' match the municipality tax period.



## Example 1: Annual Taxes

In this example the municipality's tax year runs from 01/01 to 12/31. The 'Expense From Date' shows 12/31/2021 (the end of the tax year), in error.

Incorrect Submission and Exception Message:

Draft Expenses

EXPENSE DRAFTS FOR SUBMISSION

EXPENSE CODE  
**070000 - County Property Taxes**

CREATED DATE: 04/16/2021      LAST MODIFIED DATE: 04/16/2021      RPA: NO

REQUESTED AMOUNT: \$3,200.00      EXPENSE FROM DATE: 12/31/2021      EXPENSE TO DATE: 12/31/2021      WORK COMPLETED DATE: ---

EXPENSE PAID DATE: 12/15/2020

VENDOR NAME: ABC County

EXPENSE VALIDATION: Fail

EXCEPTIONS: [Med] The expense is reimbursed based on an Annual, Semi Annual or Quarterly Tax Payment Cycle. The From Date of 12/31/2021 and To Date of 12/31/2021 does not align with one of the aforementioned tax cycles. Expense Code 070000 requires additional review. Please attach supporting documentation as necessary.

Upload Files: Drag & Drop

1 - 1 of 1 Items

Correct Submission:

Draft Expenses

EXPENSE DRAFTS FOR SUBMISSION

EXPENSE CODE  
**070000 - County Property Taxes**

CREATED DATE: 04/16/2021      LAST MODIFIED DATE: 04/16/2021      RPA: NO

REQUESTED AMOUNT: \$3,200.00      EXPENSE FROM DATE: 01/01/2021      EXPENSE TO DATE: 12/31/2021      WORK COMPLETED DATE: ---

EXPENSE PAID DATE: 12/15/2020

VENDOR NAME: ABC County

EXPENSE VALIDATION: Pass

EXCEPTIONS: NONE

Upload Files: Drag & Drop

1 - 1 of 1 Items



## Example 2: Semi-Annual Taxes

In this example the municipality's tax periods are from 1/1-6/30 and 7/1-12/31. The 'Expense From Date', 'Expense To Date' and 'Expense Paid Date' all show the 'Expense Paid Date' of 10/19/2020, in error.

Incorrect Submission and Exception Message:

**Draft Expenses**

EXPENSE DRAFTS FOR SUBMISSION

**Expense Information**

EXPENSE CATEGORY <b>Taxes</b>	EXPENSE CODE <b>070000-County Property Taxes</b>	RPA <b>NO</b>
EXPENSE SUBMITTED <b>03/26/2021</b>	EXCEPTIONS <b>NONE</b>	
REQUESTED AMOUNT <b>\$353.32</b>	ADJUSTED AMOUNT <b>\$0.00</b>	Approved Amount* (0.00) <b>\$ 353.32</b>

Expense From Date\* (mm/dd/yyyy): **10/19/2020**

Expense To Date\* (mm/dd/yyyy): **10/19/2020**

Work Completed Date (mm/dd/yyyy): **mm/dd/yyyy**

Expense Paid Date\* (mm/dd/yyyy): **10/19/2020**

VENDOR NAME  
**Madison County**

EXCEPTIONS  
**[Msg] The expense is reimbursed based on an Annual, Semi Annual or Quarterly Tax Payment Cycle. The From Date of 10/19/2020 and To Date of 10/19/2020 does not align with one of the aforementioned tax cycles. Please attach supporting documentation as necessary.**

**1 - 1 of 1 items**

Correct Submission:

**Draft Expenses**

EXPENSE DRAFTS FOR SUBMISSION

**Expense Information**

EXPENSE CATEGORY <b>Taxes</b>	EXPENSE CODE <b>070000-County Property Taxes</b>	RPA <b>NO</b>
EXPENSE SUBMITTED <b>03/26/2021</b>	EXCEPTIONS <b>NONE</b>	
REQUESTED AMOUNT <b>\$353.32</b>	ADJUSTED AMOUNT <b>\$0.00</b>	Approved Amount* (0.00) <b>\$ 353.32</b>

Expense From Date\* (mm/dd/yyyy): **01/01/2021**

Expense To Date\* (mm/dd/yyyy): **06/30/2021**

Work Completed Date (mm/dd/yyyy): **mm/dd/yyyy**

Expense Paid Date\* (mm/dd/yyyy): **10/19/2020**

VENDOR NAME  
**Madison County**

**1 - 1 of 1 items**



## Example 3: Annual Taxes

In this example, the school taxes are paid on an annual basis for 10/1 to 9/30. The 'Expense From Date' and the 'Expense To Date' do not align with the time-period.

Incorrect Submission and Exception Message:

**Draft Expenses**

EXPENSE DRAFTS FOR SUBMISSION

**Expense Information**

EXPENSE CATEGORY <b>Taxes</b>	EXPENSE CODE <b>072000-School Taxes</b>	RPA <b>NO</b>
EXPENSE SUBMITTED <b>03/22/2021</b>	EXCEPTIONS <b>NONE</b>	
REQUESTED AMOUNT <b>\$2,733.01</b>	ADJUSTED AMOUNT <b>\$0.00</b>	Approved Amount* (0.00) <b>\$ 2,733.01</b>

Expense From Date\* (mm/dd/yyyy): **09/30/2020**

Expense To Date\* (mm/dd/yyyy): **09/30/2021**

Work Completed Date (mm/dd/yyyy):

Expense Paid Date\* (mm/dd/yyyy): **09/10/2020**

VENDOR NAME  
**ABC County**

EXCEPTIONS  
**[Med]** The expense is reimbursed based on an Annual, Semi Annual or Quarterly Tax Payment Cycle. The From Date of 09/30/2020 and To Date of 09/30/2021 does not align with one of the aforementioned tax cycles. Please attach supporting documentation as necessary.

Upload Files  
Drag & Drop

1 - 1 of 1 items

Correct Submission:

**Draft Expenses**

EXPENSE DRAFTS FOR SUBMISSION

**Expense Information**

EXPENSE CATEGORY <b>Taxes</b>	EXPENSE CODE <b>072000-School Taxes</b>	RPA <b>NO</b>
EXPENSE SUBMITTED <b>03/22/2021</b>	EXCEPTIONS <b>NONE</b>	
REQUESTED AMOUNT <b>\$2,733.01</b>	ADJUSTED AMOUNT <b>\$0.00</b>	Approved Amount* (0.00) <b>\$ 2,733.01</b>

Expense From Date\* (mm/dd/yyyy): **10/01/2020**

Expense To Date\* (mm/dd/yyyy): **09/30/2021**

Work Completed Date (mm/dd/yyyy):

Expense Paid Date\* (mm/dd/yyyy): **09/10/2020**

VENDOR NAME  
**ABC County**

EXCEPTIONS

Upload Files  
Drag & Drop

1 - 1 of 1 items



## Example 4: Quarterly Taxes

In this example, for the municipality, taxes are due quarterly for the following time-periods: 1/1 to 3/31, 4/1 to 6/30, 7/1 to 9/30, and 10/1 to 12/31. The 'Expense From Date' and 'Expense To Date' do not align with one of the quarterly time-periods.

### Incorrect Submission and Exception Message:

The screenshot shows a 'Draft Expenses' form for '070000 - County Property Taxes'. The form contains the following data:

EXPENSE CODE	070000 - County Property Taxes			✓ ✎ 📄 🗑		
CREATED DATE	04/16/2021	LAST MODIFIED DATE	04/16/2021	RPA	NO	
REQUESTED AMOUNT	\$3,200.00	EXPENSE FROM DATE	03/01/2021	EXPENSE TO DATE	05/31/2021	
EXPENSE PAID DATE	03/15/2021			WORK COMPLETED DATE	---	
VENDOR NAME	ABC County				+	SUBMIT
EXPENSE VALIDATION	Fail					Upload Files
	EXCEPTIONS					📁 Drag & Drop

**[Med]** The expense is reimbursed based on an Annual, Semi Annual or Quarterly Tax Payment Cycle. The From Date of 03/01/2021 and To Date of 05/31/2021 does not align with one of the aforementioned tax cycles. Expense Code 070000 requires additional review. Please attach supporting documentation as necessary.

### Correct Submission:

The screenshot shows a 'Draft Expenses' form for '070000 - County Property Taxes' with the following data:

EXPENSE CODE	070000 - County Property Taxes			✓ ✎ 📄 🗑		
CREATED DATE	04/16/2021	LAST MODIFIED DATE	04/16/2021	RPA	NO	
REQUESTED AMOUNT	\$3,200.00	EXPENSE FROM DATE	04/01/2021	EXPENSE TO DATE	06/30/2021	
EXPENSE PAID DATE	03/15/2021			WORK COMPLETED DATE	---	
VENDOR NAME	ABC County				+	SUBMIT
EXPENSE VALIDATION	Pass					Upload Files
	EXCEPTIONS					📁 Drag & Drop

## Example 5: Overlapping Dates

Expenses for taxes must correspond to the billing periods. Freddie Mac will not reimburse tax expenses that overlap with previously paid expenses. If dates overlap, PAID will prorate and adjust the expense for the overlapping time-period from a previously submitted and paid expense.



In this example an expense for taxes was submitted and paid in the amount of \$5,000.00 for the time-period of 1/1/2020 to 6/30/2020. A subsequent tax expense in the amount of \$1,000.00 was submitted for the time-period of 6/1/2020 to 12/31/2020. As such, PAID adjusted (prorated) the expense in the amount of (\$140.19) which represents the overlapping time-period of 6/1/2020-6/30/2020 from the previous submission. The reimbursement for the second expense was approved for \$859.81 which represents 7/1/2020 to 12/31/2020.

### First Expense:

Loan Management Freddie Mac Loan # 123456789

LOAN SEARCH    LOAN INFORMATION    PREVIOUS EXPENSES    **EXPENSE DETAIL**

Status: **APPROVED FOR PAYMENT**

#### Expense Information

EXPENSE ID <b>2731815</b>	EXPENSE CODE 070000- County Property Taxes	SERVICER LOAN NUMBER <b>123456</b>	APPEALED —
EXPENSE SUBMITTED <b>05/03/2021</b>	EXCEPTIONS <b>NONE</b>	APPROVED AMOUNT <b>\$5,000.00</b>	AMOUNT PAYABLE —
REQUESTED AMOUNT <b>\$5,000.00</b>	ADJUSTED AMOUNT <b>(\$0.00)</b>	WORK COMPLETED DATE —	EXPENSE PAID DATE <b>05/03/2021</b>
EXPENSE FROM DATE <b>01/01/2020</b>	EXPENSE TO DATE <b>06/30/2020</b>	BILL NUMBER —	SUBMITTING ORGANIZATION <b>ABC Organization</b>
RPA <b>NO</b>	VENDOR NAME <b>45dks akdshgkds</b>	SUBMITTER NAME <b>estPAIDSPS, T</b>	
ORGANIZATION TO BE PAID NUMBER <b>123456</b>	ORGANIZATION TO BE PAID NAME <b>ABC Organization</b>		

Expense History



## Subsequent Expense Adjusted Due to Overlapping Dates

Loan Management Freddie Mac Loan # 123456789

LOAN SEARCH    LOAN INFORMATION    PREVIOUS EXPENSES    **EXPENSE DETAIL**

Status: **APPROVED FOR PAYMENT**

### Expense Information

EXPENSE ID <b>2731816</b>	EXPENSE CODE 070000 - County Property Taxes	SERVICER LOAN NUMBER <b>123456</b>	APPEALED —
EXPENSE SUBMITTED <b>05/03/2021</b>	EXCEPTIONS <b>NONE</b>	APPROVED AMOUNT <b>\$859.81</b>	AMOUNT PAYABLE —
REQUESTED AMOUNT <b>\$1,000.00</b>	ADJUSTED AMOUNT <b>(\$140.19)</b>	WORK COMPLETED DATE —	EXPENSE PAID DATE <b>04/30/2021</b>
EXPENSE FROM DATE <b>06/01/2020</b>	EXPENSE TO DATE <b>12/31/2020</b>	BILL NUMBER —	SUBMITTING ORGANIZATION <b>ABC Organization</b>
RPA <b>NO</b>	VEENDOR NAME <b>fjkdsf jlds</b>	SUBMITTER NAME <b>estPAIDSPS, T</b>	
ORGANIZATION TO BE PAID NUMBER <b>123456</b>	ORGANIZATION TO BE PAID NAME <b>ABC Organization</b>		

## Insurance

Billing periods for mortgage insurance premiums and property insurance premiums must correspond to the billing periods indicated on the policy. Similar to tax expenses, Freddie Mac will not reimburse insurance premiums for the billing period that overlaps with previously paid insurance periods. If dates overlap, PAID will prorate and adjust the expense for the overlapping time-period from a previously submitted expense. Ensure that the 'Expense From Date' and the 'Expense To Date' do not overlap with another expense (i.e., same expense code).

Property insurance premiums paid through an escrow account are paid as follows:

- *Prior to the DDLPI:* Reimbursable for property insurance premiums incurred and paid up to 12 months prior to the DDLPI.
- *After the DDLPI:* For a period of up to 14 days after the foreclosure sale or deed-in-lieu of foreclosure has been reported to Freddie Mac. Refer to Guide Section 9603.11 for additional information.

Mortgage Insurance Premiums:

- *Prior to the DDLPI:* Not reimbursable prior to the DDLPI.
- *After the DDLPI:* Reimbursable if incurred after the DDLPI and before the REO acquisition date. The acquisition date is the foreclosure sale date, the date of the expiration of the redemption period, or the confirmation/ratification date, whichever occurs last.

## Example 6: Overlapping Dates

In this example an expense for property insurance premiums was submitted and paid in the amount of \$4,982.78 for the time-period of 10/1/2020 to 9/30/2021. A subsequent expense for property insurance premiums in the amount of \$1,050.00 was submitted for the time-period of 1/1/2021 to 12/31/2021. As such, PAID adjusted (prorated) the expense in the amount of (\$785.34) which represents the overlapping



time-period of 1/1/2021 to 9/30/2021 from the previous submission. The reimbursement for the second expense was approved for \$264.66 which represents 10/1/2021 to 12/31/2021.

### First Expense:

Loan Management Freddie Mac Loan # 123456789

LOAN SEARCH LOAN INFORMATION PREVIOUS EXPENSES **EXPENSE DETAIL**

Status: **PAID** Payment: **PAID**

Expense Information

EXPENSE ID 1234567	EXPENSE CODE 060000 - Property Insurance Premiums	BILL NUMBER ---	APPEALED ---
EXPENSE SUBMITTED 12/29/2020	EXCEPTIONS NONE	APPROVED AMOUNT \$4,982.78	AMOUNT PAYABLE \$4,982.78
REQUESTED AMOUNT \$4,982.78	ADJUSTED AMOUNT (\$0.00)	WORK COMPLETED DATE ---	EXPENSE PAID DATE 10/09/2020
EXPENSE FROM DATE 10/01/2020	EXPENSE TO DATE 09/30/2021		
RPA NO	VENDOR NAME XYZ Insurance Company		

Expense History

### Subsequent Expense Adjusted Due to Overlapping Dates:

Loan Management Freddie Mac Loan # 123456789

LOAN SEARCH LOAN INFORMATION PREVIOUS EXPENSES **EXPENSE DETAIL**

Freddie Mac allows up to two appeals for this expense.

Status: **PAID** Payment: **PAID**

Expense Information

EXPENSE ID 1234567	EXPENSE CODE 060000 - Property Insurance Premiums	BILL NUMBER ---	APPEALED ---
EXPENSE SUBMITTED 02/09/2021	EXCEPTIONS NONE	APPROVED AMOUNT \$264.66	AMOUNT PAYABLE \$264.66
REQUESTED AMOUNT \$1,050.00	ADJUSTED AMOUNT (\$785.34)	WORK COMPLETED DATE ---	EXPENSE PAID DATE 01/22/2021
EXPENSE FROM DATE 01/01/2021	EXPENSE TO DATE 12/31/2021		
RPA NO	VENDOR NAME XYZ Insurance Company		

Expense History

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