

There are several investor accounting-related concepts and activities you must be familiar with when you service loans for Freddie Mac. This reference guide highlights information you need to know about those concepts and activities as you begin to service your Freddie Mac portfolio.

Specifically, this reference guide provides information on the following:

- What happens [when you sell a mortgage to Freddie Mac](#).
- The [investor accounting process](#).
- Important concepts you must be familiar with such as the [accounting cycle](#), [standard remittance cycle](#), and [net yield accounting method](#).
- [Types of mortgage activity](#) you may report.
- Our expectations regarding resolving [reporting discrepancies](#) and [submitting corrected transactions](#).
- Various mediums through which you may [submit mortgage activity](#) to us.
- [Drafting funds](#) due from your designated custodial account.
- Information on [Electronic Default Reporting \(EDR\)](#) and [loan modification processing](#).
- Common and frequently-used [investor accounting reports](#).
- Investor reporting-related [compensatory fees](#).
- [Freddie Mac custodial accounts](#).
- Investor reporting metrics on the [Freddie Mac Servicer Success Scorecard](#).

Please note that this reference guide does not reflect all the investor reporting requirements that you must adhere to when servicing mortgages for Freddie Mac. For additional information about Investor Accounting, refer to *Single-Family Seller/Servicer Guide* (Guide) Chapters 8301 through 8303 or contact Customer Support at 800-FREDDIE.

When You Sell a Mortgage to Freddie Mac

After you sell a mortgage to Freddie Mac, we refer to it as a *new funding* or a *newly funded mortgage*. Once Freddie Mac successfully processes the purchase transaction, you will receive a *Funding Detail Report* and either cash or a PC.

Funding Detail Report

The *Funding Detail Report* is available via Loan Selling Advisor, as outlined below.

Transaction Type	The Funding Detail Report is available via Loan Selling Advisor:
Cash	The morning of the day the funds are wired to the Seller (the settlement date).
Guarantor or Multilender	The first day after the final delivery date (the first day of the settlement cycle).



Use the *Funding Detail Report* to set up the loan on your investor reporting system. It provides all the information you need to set up the mortgage with Freddie Mac as the investor.

For example, the *Funding Detail Report* contains:

- The accounting net yield rate
- The remittance option
- The Freddie Mac loan number
- Data used to calculate the servicing spread

The *Funding Detail Report* is the most important document for ensuring your investor reporting system is in sync with Freddie Mac's systems.

Servicing Rights

You have two options with regards to servicing rights when you sell a mortgage to Freddie Mac:

- Retained Servicing
- Transfer of Servicing

A transfer of servicing affects all servicing duties and responsibilities as set forth in the Purchase Documents, for mortgages and real estate owned (REO) properties owned in whole or in part by Freddie Mac. The Servicer receiving the mortgages must be eligible to receive a transfer of servicing.

Retained Servicing	<p>If you retain servicing rights to a mortgage, your organization will be responsible for performing various servicing-related activities, including, but not limited to, investor accounting activities.</p> <p>Investor accounting activities include:</p> <ul style="list-style-type: none"> ▪ Reporting principal and interest collection activity for each mortgage, each month. ▪ Ensuring your custodial account is funded so that Freddie Mac can draft funds due. ▪ Resolving reporting and remitting discrepancies. ▪ Reconciling your Freddie Mac custodial accounts. <p>If you retain servicing, you will receive a servicing spread. This is the portion of the monthly interest payment you keep for compensation. The minimum servicing spread is 25 basis points (0.25 percent).</p>	
Transfer of Servicing	<p>A transfer of servicing (TOS) moves the responsibility of servicing a mortgage to another Servicer. There are three types of transfers of servicing, as outlined below.</p>	
	Transfer of Servicing at Time of Sale	<p>1 Concurrent Transfer of Servicing: You transfer the servicing of the mortgage to another Freddie Mac-approved Servicer that you select at the time you sell the mortgage to Freddie Mac.</p>



		<p>2 Servicing Released: Servicing released occurs when the Seller transfers servicing to a Servicer that Freddie Mac selects. A contract exists between the Seller and the Servicer. (See Guide Exhibit 28A, Loan Servicing Purchase and Sale Agreement for the Servicing-Released Sales Process.) You must comply with this contract, which includes providing the Servicer with the required documentation. Freddie Mac must approve you for this option.</p>
	<p>Transfer of Servicing After One or More Accounting Cycles</p>	<p>3 Subsequent Transfer of Servicing: You transfer the mortgage to a Freddie Mac-approved Servicer after Freddie Mac purchases the mortgage. Subsequent transfers of servicing are effective on the first of the month.</p>

If you choose to retain servicing, you are also responsible for the following.

Action	How to Do This	Other Activities
Obtain access to the Loan Level Reporting tool.	Register and become authorized to use Freddie Mac Access Manager to create, manage and provision user registration and access to the Loan Level Reporting tool.	Use the Loan Level Reporting tool to send mortgage accounting data to Freddie Mac.
Establish custodial accounts and submit the appropriate documents so that Freddie Mac may draft funds due.	<ul style="list-style-type: none"> ▪ Establish custodial accounts in accordance with Guide Chapter 8302. ▪ Complete and submit Form 1132A, <i>Authorization for the Automatic Transfer of Funds from a Principal and Interest Custodial Account Through ACH</i>, to us. 	<ul style="list-style-type: none"> ▪ Once your custodial accounts are established, you must send us the following: <ul style="list-style-type: none"> - Letter Agreements - Guide Exhibit 58, <i>Draft Letter of Authorization</i> - A voided blank check or MICR sheet - Signature cards ▪ We automatically draft the funds from your designated custodial account for monthly P&I and exception activity.

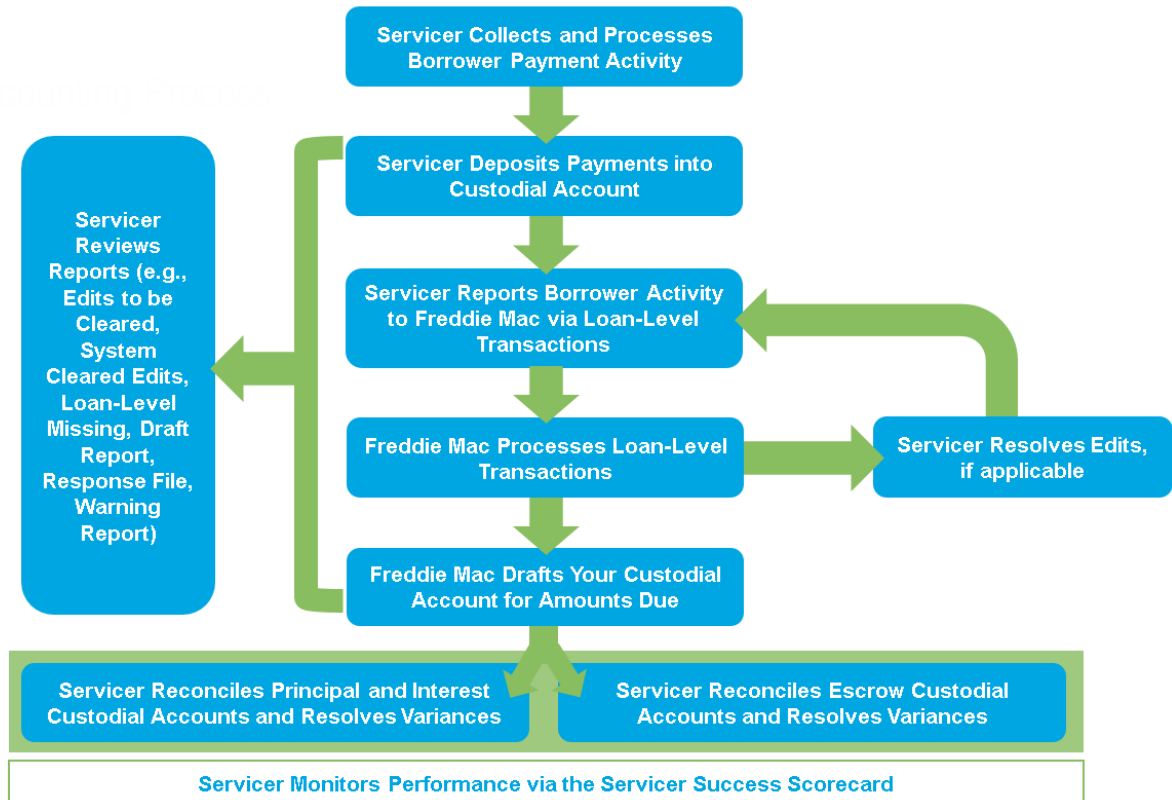


<p>Establish an automated clearing house (ACH) account for payment of servicing spreads and compensatory fees.</p>	<p>Complete and submit Form 1132, <i>Authorization for the Automatic Transfer of Funds Through the Automated Clearing House (ACH)</i> to us.</p>	<ul style="list-style-type: none">▪ We will send you a Servicer Billing Statement on approximately the tenth business day of each month for any fees you may incur for performing loans, non-performing loans, and repurchase activities.▪ We automatically draft the funds from your ACH account on the last business day of the month.
<p>Perform activities associated with the investor accounting process.</p>	<p>You are responsible for accounting for the mortgages you service for Freddie Mac every accounting cycle.</p> <p>The investor accounting process includes reporting, ensuring your custodial account is funded so that Freddie Mac can draft funds due, and reconciling.</p>	<p>Freddie Mac's accounting cycle begins on the 1st of each month and ends on the last day of the month. Servicer reporting must be completed no later than the first business day of the following month.</p>



The Investor Accounting Process

The following illustration highlights the various components of the investor accounting process. During each accounting cycle, you will perform the activities shown below. This reference guide introduces the fundamental concepts and information you must be familiar with as you perform these activities.





The Accounting Cycle

Freddie Mac’s accounting cycle is a one-month period that begins on the first of each month and ends on the last day of the month. During the accounting cycle, you will report borrower payment activity that occurs from the first of the month through the end of the month (EOM).

You are encouraged, but not required, to report daily. Each cycle, you must submit a loan-level transaction for each loan in your Freddie Mac portfolio no later than 2 a.m., Eastern Time, on the day following the P&I Determination Date, even if the borrower has not made a payment. This is referred to as “All-In Reporting.” The P&I Determination Date is not the final day to report loan-level activity for the accounting cycle; you may continue to report transactions through EOM plus one business day.

Month A						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		
Month B						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

P&I Determination Date

The P&I Determination Date is the 15th calendar day of the month (or the next business day if the 15th falls on a holiday or weekend).

P&I Draft Date

The P&I Draft Date is the second business day following the P&I Determination Date. Freddie Mac will draft funds due from your designated custodial account on the P&I Draft Date. For additional information, refer to [Drafting Funds](#) in this quick reference.

Overlapping Accounting Cycles

On the first business day of each month, we process loan-level transactions for two different accounting cycles; it is the last day to report corrected transactions for the prior month cycle, and the first business day of the current month’s cycle.

In this example, it is the last day to report transactions for Month A, and the first day to report for Month B.



The following table identifies the actual P&I Determination Date and the P&I Draft Date, based on what day the 15th of the month is:

When the 15 th is a:	The <i>actual</i> P&I Determination Date is:	And the P&I Draft Date is (the second business day after the P&I Determination Date):
Monday	15 th (Monday)	17 th (Wednesday)
Tuesday	15 th (Tuesday)	17 th (Thursday)
Wednesday	15 th (Wednesday)	17 th (Friday)
Thursday	15 th (Thursday)	19 th (Monday)
Friday	15 th (Friday)	19 th (Tuesday)
Saturday	17 th (Monday)	19 th (Wednesday)
Sunday	16 th (Monday)	18 th (Wednesday)

Finalizing the Accounting Cycle

When we final, or close, the accounting cycle, our system verifies that a transaction has been accepted for every loan in your portfolio.

If a valid transaction does not exist, our system simulates the loan by using the beginning unpaid principal balance as the ending unpaid principal balance, and processing:

- Scheduled forecasted monthly interest due, if the loan is active
- Zero interest due, if the loan is inactive
- Zero principal due

A loan is simulated only if it was not reported or if a hard edit was not cleared when we close the accounting cycle. Mortgages that our system simulates appeared on the *Loan-Level Missing* report and/or the *Edits to be Cleared* report during the cycle. The simulated mortgages also appear on the *Loan Reconciliation Difference Report*.

Standard Remittance Cycle

The Standard Remittance cycle is the remittance cycle for which Freddie Mac calculates the actual principal and forecasted scheduled interest based on the Servicer's loan-level reporting as of 2 a.m. Eastern Time on the day following the P&I Determination Date that is due on the second business day after the P&I Determination Date.

Effective June 2019, all Freddie Mac mortgages will be serviced using the Standard Remittance cycle.

Net Yield Accounting Method

You must use the net yield accounting method to pass through principal and interest to Freddie Mac. The accounting net yield (ANY) equals the note rate less the servicing spread. For example, if the note rate is 5 percent, and the servicing spread is 0.25 percent, the accounting net yield equals 4.75 percent.

With the net yield accounting method, you will:

- Calculate forecasted scheduled interest based on the current cycle's ending unpaid principal balance and the accounting net yield (ANY).
- Report one month's scheduled interest regardless of what you receive from the borrower.
- Report the actual principal collected from the borrower during the accounting cycle.



Mortgage Activity

Each month, you are responsible for reporting activity for every mortgage you service for Freddie Mac. Daily reporting is encouraged, but not required. However, you must submit at least one loan-level transaction for every loan in your Freddie Mac portfolio, even if the borrower has not made a payment, prior to 2:00 a.m. Eastern time, on the day following the P&I Determination Date (all-in reporting). You may continue to submit corrected transactions through EOM plus one business day. If more than one activity occurs for a loan, you must summarize all activity for the cycle into one transaction. For example, if a borrower makes a payment on August 1st and then pays off the mortgage on August 20th, you must summarize both activities into one loan-level transaction.

There are two types of mortgage activity: principal and interest (P&I) and exception.

Principal and Interest (P&I) Activity

Principal and interest activity is regular monthly activity of principal and interest payments made according to the terms and conditions of the security instrument executed by the borrower.

Examples include, but are not limited to:

- Newly funded mortgages
- Regular principal and interest payments on active mortgages
- Mortgages inactivated during a previous accounting cycle

Exception Activity

Exception activity is any exception to the regular monthly principal and interest payments that changes the status of the mortgage.

Examples include, but are not limited to:

- Payoffs
- Reinstatements
- Inactivations
- Third-party foreclosure sales
- Real Estate Owned (REOs)

All of your exception activity has corresponding exception codes. When you report your activity via the Loan Level Reporting tool, the exception code is automatically inserted based on the transaction type you select. All investor accounting reports printed from the Loan Level Reporting tool reflect the exception codes. Interpret and match the exception codes to their corresponding transactions when researching discrepancies from your daily edit reports.

Resolving Loan-Level Edits

Freddie Mac uses edit and warning codes to identify discrepancies that occur when you report investor accounting activity to us. Each discrepancy (or edit) is listed on our daily edit reports with an edit code that identifies and explains the discrepancy. We expect you to resolve the edits listed on your daily edit reports and ensure that you have given us accurate information.

For detailed information on specific loan transactions and a complete listing of loan-level edit and warning codes, refer to our publication, *Reporting Transactions and Resolving Loan-Level Edits*.



Revisions

If you need to change the information you reported for a current cycle's transaction, you can report a corrected transaction. You no longer need to identify a revised transaction as a correction, you simply report another transaction for the loan.

When you report a corrected transaction:

- Ensure that the data you report represents the cumulative activity for the loan for that accounting cycle.
- Report it as soon as possible, but no later than EOM plus one business day.

Important: When you report a corrected transaction, it deletes the prior transaction, regardless of whether the prior transaction was successfully processed, or is in error (i.e., it is displayed on the *Edits to be Cleared Report*).

How to Submit Your Mortgage Activity to Us

There are several reporting mediums you may use to submit your mortgage activity to us. You may report your loan-level activity to Freddie Mac via the Loan Level Reporting tool ("Loan Level Reporting"), your own proprietary system, or you may have a service bureau that reports on your behalf.

The Loan Level Reporting tool is an easy to navigate, web-based interface that enables you to submit your investor accounting and servicing information for Freddie Mac-owned mortgages to us.

Within the tool, you can:

- Customize your import file mapping.
- View and browse mortgage activity.
- Process subsequent transfer of servicing requests.
- Export data.
- Obtain confirmations and notifications.
- Access your investor accounting reports.

Even if you do not report via Loan Level Reporting, you will require access to the tool to access your investor accounting reports.

Electronic Data Interchange (EDI)

Freddie Mac uses a common, industry-wide electronic data interchange (EDI) for the investor reporting format. The American National Standards Institute (ANSI), Accredited Standards Committee (ASC) is the nationally recognized governing body for the development and maintenance of electronic data standards. Freddie Mac uses the standardized investor reporting format, known as the Investor Reporting (203) transaction set, developed by ASC.

You may or may not be required to use EDI depending on your selection of a reporting medium as follows:

- If you report via the Freddie Mac Loan Level Reporting tool, you are not required to use the EDI format.



- If you report via another electronic communication path, as described in Guide Section 8301.10(2) you must use the EDI format.
- If a service bureau reports data to Freddie Mac on your behalf, the service bureau must use the EDI format.

Drafting Funds

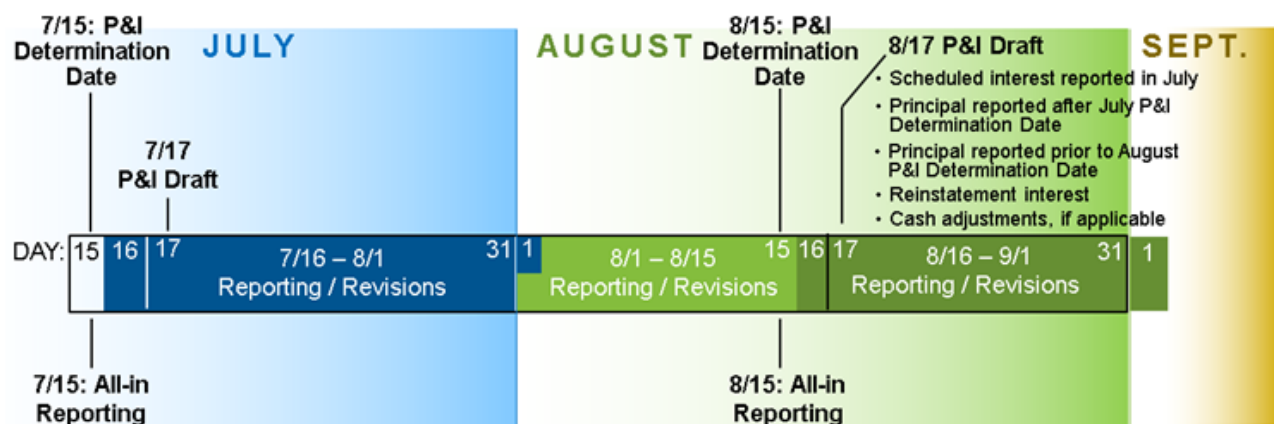
Freddie Mac will draft funds due for mortgage activity successfully processed, from your designated custodial account. To authorize Freddie Mac to draft funds, you must complete and submit Form 1132A, *Authorization for the Automatic Transfer of Funds from a Principal and Interest Custodial Account Through ACH*.

Freddie Mac will draft principal and interest payments on the P&I Draft Date, which occurs two business days after the P&I Determination Date. Specifically, we will draft the following on the P&I Draft Date:

- Current accounting cycle interest due (reported in the prior accounting cycle)
- Actual principal collected and reported to Freddie Mac after 2:00 a.m. Eastern Time on the day following the P&I Determination Date of the prior accounting cycle
- Actual principal collected during the current accounting cycle and reported to Freddie Mac no later than 2:00 a.m. Eastern Time on the day following the P&I Determination Date of the current accounting cycle
- Interest due on reinstated mortgages
- Cash adjustments, if applicable.

Payoff funds will be drafted five business days after the payoff date, except for late reported payoffs (i.e., payoffs reported more than two business days after the payoff date), which will be drafted two business days after the payoff is processed.

The following example illustrates what funds Freddie Mac will draft on the August 17th P&I Draft Date





Electronic Default Reporting

Servicers with an active Freddie Mac Seller/Servicer number must report all delinquency and default information to us each month for all Freddie Mac single-family mortgages in default via Electronic Default Reporting (EDR). Your EDR information is due by 5:30 p.m. Eastern time on the third business day of the month. Even though EDR is not considered an investor reporting activity, it does impact some loan-level transactions.

Each month, you must report all mortgages

- That are 30 or more days delinquent
- Where the borrower has filed bankruptcy, whether the mortgage is delinquent or not
- Where the borrower is current in his or her mortgage payments and you are pursuing an alternative to foreclosure (Note: You must comply with all Guide requirements with respect to considering a borrower who is current in his or her mortgage payment for an alternative to foreclosure, including, as applicable, any requirement that the borrower be in imminent default or found to have suffered a hardship.)
- That are in foreclosure

For additional information, refer to our *EDR Quick Reference Guide* and *Due Date Calendar for Monthly Reporting and Drafting*.

Loan Modifications

Loan modifications will be processed daily, except on the first business day of each month. Be sure to monitor your *Modifications Status Report*, available via the Loan Level Reporting tool.

Investor Accounting Reports

Freddie Mac provides you with monthly and daily reports to help you manage your investor accounting activities.

Daily and monthly reports include, but are not limited to, the reports outlined below.

Report	Description
<i>LLR Monthly Account Statement</i> (Monthly)	<p>The <i>Monthly Account Statement</i> identifies the following for the accounting cycle:</p> <ul style="list-style-type: none"> ▪ Beginning and ending amounts due to us ▪ The total amount due for each transaction type ▪ Total funds we drafted during the accounting cycle ▪ Adjustments we made to your account including other billings <p>The <i>Monthly Account Statement</i> is available via Loan Level Reporting on EOM + two business days.</p> <p>Print and review the <i>Monthly Account Statement</i> each month. Reconcile your principal and interest (P&I) custodial account to the ending balance on the <i>Monthly Account Statement</i>.</p>



Report	Description
<i>LLR MAS Loan Level Detail</i>	The <i>LLR MAS Loan Level Detail</i> provides a breakdown of amounts due for each loan processed during the accounting cycle. This report is available on the second business day of each month, and reflects the activity processed for the prior month.
<i>Detailed Adjustment Report</i>	The <i>Detailed Adjustment Report</i> itemizes adjustments made to your portfolio as reflected on the <i>Monthly Account Statement</i> and the <i>Draft Report</i> . It can change throughout the cycle as adjustments are processed. A preliminary version is available daily. You may request a final version at the end of the month plus two business days.
<i>Loan Reconciliation Difference Report</i>	<p>The <i>Loan Reconciliation Difference Report</i> summarizes every transaction our system did not immediately accept during the cycle due to a reporting discrepancy or simulation of a transaction.</p> <p>The <i>Loan Reconciliation Difference</i> report is available via Loan Level Reporting at the end of the month after we process a transaction for every mortgage you service for us.</p> <p>Print and review the <i>Loan Reconciliation Difference</i> report each month. Use this report to correct your system so the edit does not occur again, and to identify adjustments that you may need to make to your P&I custodial account.</p>
<i>Loan-Level Missing Report</i>	<p>The <i>Loan-Level Missing Report</i> lists mortgages you did not report to us this accounting cycle and mortgages with unresolved edits on the <i>Edits to Be Cleared</i> report. Once our system accepts a transaction for a mortgage, it drops off the report.</p> <p>“Zero (0) loans missing” message appears when a transaction has been processed for every loan in your portfolio.</p> <p>The <i>Loan-Level Missing Report</i> is available via the Loan Level Reporting tool.</p>
<i>Edits to be Cleared Report</i>	<p>The <i>Edits to be Cleared Report</i> lists transactions with edits our system cannot resolve.</p> <p>The <i>Edits to be Cleared Report</i> is available via the Loan Level Reporting tool.</p> <p>Print and review the <i>Edits to be Cleared</i> report daily.</p> <ul style="list-style-type: none">▪ Take immediate action to resolve the edits and transmit revisions to Freddie Mac. However, do not send a correction for 101e errors. A 101e edit indicates an invalid loan number or a loan that has been closed in Freddie Mac’s system. If the 101e is a valid transaction, retransmit the loan using the correct loan number.▪ Determine if you need to adjust a remittance due to a reporting error. <p>The “No data in error” message appears when you have no transactions for this report.</p>
<i>System Cleared Edits Report</i>	The <i>System Cleared Edits Report</i> Lists transactions with edits our system could resolve and process. Our system will calculate the expected interest for the transaction based on the action code, beginning UPB and ANY.



Report	Description
	The <i>System Cleared Edits</i> report is available via the Loan Level Reporting tool. Print and review the <i>System Cleared Edits</i> report daily. Send revised transactions to correct edits, as necessary. The “No data in error” message appears when you have no transactions for this report.
<i>Warning Report</i>	Identifies loans with multiple loan transactions. Freddie Mac only processes one transaction per loan. Use this report to determine whether the correct loan transaction was processed. If the correct loan transaction was not processed, submit a revision.
<i>Response File</i>	The Response File provides loan-level details for each Loan-Level Reporting (LLR) file processed, multiple times per day. The file contains successful and unsuccessful transactions that were processed. For unsuccessful transactions, the file provides information to help correct the root cause when a loan has duplicate transactions, system-cleared edits, warnings, or edits to be cleared.

Compensatory Fees

When Freddie Mac does not have accurate and timely information or funds, we incur additional costs. Compensatory fees are to help us offset these additional costs.

Each month, on approximately the tenth business day of the month, we send you a Servicer Billing Statement for compensatory fees you may have incurred for Performing Loans. The funds are automatically drafted from the account you designated for the Automated Clearing House (ACH) draft the last business day of the month. This account is separate from your designated custodial account. If you do not owe any compensatory fees in a given month, you will not receive a Servicer Billing Statement.

See the *Single-Family Seller/Servicer Guide* (Guide) or contact your Freddie Mac representative if you have questions about your Servicer Billing Statement.

Types of Compensatory Fees

Next Month Late Reported Payoff Noncompliance Compensatory Fee

Freddie Mac assesses a compensatory fee when you fail to report a paid off mortgage by the second business day of the month following the month in which you received the payoff funds. The amount of the compensatory fee is equal to one month’s interest based on the ANY for each loan you report late. The timeliness of your reporting is reflected on your Freddie Mac Servicer Success Scorecard.

Examples:

Payoff Date	Date Payoff Reported to Freddie Mac	Result
04/15/xxxx	04/24/xxxx	No compensatory fee is assessed.
04/15/xxxx	05/01/xxxx	No compensatory fee is assessed.
04/15/xxxx	05/10/xxxx	A late reported payoff noncompliance compensatory fee is assessed.



Contract Noncompliance and Contract Change Compensatory Fee

We may charge \$500 per mortgage when you request that we do one of the following:

- Research and perform database changes to our records to correct loan-level cash or data discrepancies due to erroneous reporting by the Servicer, including, but not limited to, corrections to the data transmitted through EDR and loss mitigation reporting errors.
- Process the database changes necessary to complete an approved waiver to the Purchase Documents.

Draft Delay Non-Compliance

Freddie Mac will assess a compensatory fee when you fail to report a payoff within two business days of the payoff date, and the late report results in a delayed Payoff Draft Date. We calculate this compensatory fee by the amount of the payoff funds, multiplied by the number of calendar days the payoff draft was late as a result of the late reported payoff, multiplied by the highest quoted prime rate on the last business day of the month in which the late payoff draft occurred in the print edition of The Wall Street Journal in its regular column entitled "Money Rates" plus 3% divided by 365. If the prime rate is not published, then Freddie Mac will determine a comparable rate.

We will also assess a compensatory fee when you fail to have sufficient funds available on the P&I Draft Date or on the Payoff Draft Date, as applicable. We calculate this compensatory fee by the amount of the principal and interest, or payoff, as applicable, multiplied by the number of calendar days the draft of principal and interest, or payoff, was late as a result of the failure of the Servicer to have sufficient funds available, multiplied by the highest quoted prime rate on the last business day of the month in which the draft failure occurred in the print edition of The Wall Street Journal in its regular column entitled "Money Rates" plus 3% divided by 365. If the prime rate is not published, then Freddie Mac will determine a comparable rate.

The minimum monthly compensatory fee will be based on the number of noncompliance violations in any consecutive 12-month period starting with the month in which the first violation occurred and as shown below:

If the violation is the Servicer's:	Then the compensatory fee is:
First instance	No less than \$250 in any given month.
Second instance	No less than \$500 in any given month.
Third instance or more in 12 months	No less than \$1,000 in any given month.

Aged Data Errors Compensatory Fee

We may assess a \$100 compensatory fee per loan, per occurrence, up to a maximum of \$15,000 per month in which there are unresolved loan-level reporting errors that appear on the *Loan Reconciliation Difference Report* 90 days or more.

Unauthorized Transfers of Servicing

If you transfer your servicing portfolio (in whole or part) without our prior written approval, it will result in the assessment of a compensatory fee, as determined by us, not to exceed one percent of our share of the unpaid principal balances of the mortgages that are being transferred.

Unreported Transactions and Loan Simulation

We will assess a compensatory fee of \$100 per loan when you fail to clear outstanding edits or report loan-level activity by the end of month plus one business day.



Manage and Reconcile Your Custodial Accounts

When you service loans for Freddie Mac, you must establish, maintain, and reconcile your P&I and escrow custodial accounts.

A custodial account is a demand deposit account or interest-bearing deposit account you must establish and maintain at an eligible depository into which principal and interest payments, escrow funds and other monies due to Freddie Mac, or held on behalf of Freddie Mac mortgages, are deposited. You must establish and maintain at least one escrow custodial account for each Seller/Servicer number under which you service loans for us. You must deposit into the escrow custodial account all funds collected on the borrower's behalf. These funds are used to make payments for the borrower for items such as taxes and insurance.

For additional information about custodial accounts, refer to Guide Chapter 8304.

Your Freddie Mac Servicer Success Scorecard

The Servicer Success Scorecard ("Scorecard") is a confidential monthly performance review for all Servicers. It measures your performance based on key metrics in the default management and investor reporting categories. Your Scorecard is available to you on the last business day of each month for the prior month's performance. For example, the Scorecard available to you on December 31, 2019 reflects your performance for November 2019.

You can access your Scorecard electronically via the Servicer Performance Profile.

Investor Reporting Criteria

The following table identifies the Investor Reporting metrics and steps you can take to maximize your performance.

Metric	How to Maximize Your Performance
Cash Deficiency	<p>Ensure your designated custodial account is sufficiently funded to allow timely drafting. Doing so will mitigate compensatory fees.</p> <p>Report liquidations on time to allow for timely drafting of funds.</p> <p>Monitor the <i>Draft Report</i> daily.</p>
Aged Edits Past 30+ Days	<p>Review the <i>Edits to be Cleared</i> and <i>System Cleared Edits</i> reports daily, and research any errors immediately. If you determine the error is the result of a discrepancy in your system, make the appropriate corrections to avoid edits in future cycles. If the error is due to a discrepancy in Freddie Mac's system, contact your Freddie Mac representative to discuss the correction process.</p>
Average Number of Days to Report Payoffs	<p>Report your payoff activity to Freddie Mac prior to the second business day after the payoff date or receipt of funds date.</p>



Loan-Level Reporting Compliance	Ensure that you submit a loan-level transaction for each loan in your Freddie Mac portfolio no later than 2 a.m., Eastern Time, on the day following the P&I Determination Date, even if the borrower has not made a payment.
---------------------------------	---

When You Need Assistance

Contact Customer Support at 800-FREDDIE for the following:

- General questions about reporting requirements
- Technical support

Contact your Freddie Mac representative with specific loan-level questions.

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* or any other contractual agreements. This information does not constitute an agreement between Freddie Mac and any other party. © 2023 Freddie Mac

[Freddie Mac Learning](#)