



Solving Default Management Challenge Series

Servicer Performance Profile



Materials Needed

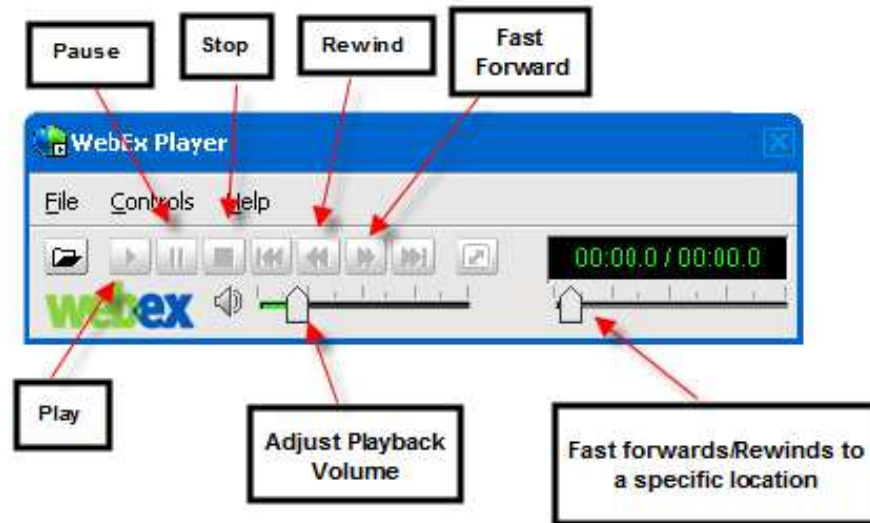
- Presentation
- Servicer Performance Profile Reference Manual – September 2008

<http://www.freddiemac.com/learn/pdfs/service/spp.pdf>



Tools and Tips

- ✓ Close all other applications to enhance your workstation's performance.
- ✓ Maximize the window used for viewing this recording.
- ✓ For technical Support, call (866) 229-3239



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www.freddiemac.com/learn



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Objective

We want to provide you with an overview of the following default management area with a focus on common servicing challenges regarding the Servicer Performance Profile



Agenda

Overview and challenges for :

- Servicer Performance Profiles
 - Servicing Technology Tools
 - Collections
 - Loss Mitigation
 - Foreclosure Timeline Management
 - Data Integrity
- Wrap up
- Additional Resources



Default Management- Criteria and Weights

Criteria (1-9)	Weights
a. Collections Management	
1. Early Collections	10%
2. Late Collections	10%
b. Loss Mitigation	
3. Workout to REO Ratio	35%
c. Foreclosure Timeline Management	
4. Actual Foreclosure Timelines Including Delays	25%
5. Inventory Past Standard Severity	10%
d. Data Integrity	
6. Initial EDR Edits	2.5%
7. Sixth Business Day EDR Edits	1.5%
8. Accuracy of DDLPI Reporting	1%
9. Average Number of Days to Report Foreclosure Sales	5%
Servicer Performance Totals	100%



Profile Tiers and Scores

Tier 1	Superior	73 - 100 points
Tier 2	Standard	53 - 72 points
Tier 3	Below Standard	33 - 52 points
Tier 4	Unacceptable	Less than 33 points



Special Rules

Loans that are 90+ days delinquent or in foreclosure	Actual Performance	Adjusted Performance
Zero	N/A	Tier X
One to 25	N/A	Tier V
More than 25	Tier 1	Tier 1
	Tier 2	Tier 2
	Tier 3	Tier 3
	Tier 4	Tier 4



Servicing Technology Tools

<http://www.freddiemac.com/singlefamily/service/tools.html>

Underwrite and Process Loans

Sell and Deliver Loans

Mortgage Products

Service Loans

- Default Management
- Servicer Performance and Incentives
- Disaster Management
- Investor Reporting
- Servicing Tools
- Document Custody

Doing SF Business with Freddie Mac

Forms and the Guide

The Learning Center

MULTIFAMILY

DEBT SECURITIES

MORTGAGE SECURITIES

VENDORS AND SUPPLIERS

Online Access to a Wide Range of Powerful Servicing Tools

As a Freddie Mac Servicer, you can take advantage of a suite of robust servicing management applications. Our tools are specifically developed to make servicing our loans easier and more profitable, and to help borrowers sustain homeownership.

Default Reporting ManagerSM helps you monitor, validate and update your foreclosure sale reporting processes, with feedback on how to correct errors.

> [Login](#)

EarlyIndicator[®] is a desktop application designed to help reduce credit losses, improve the efficiency of your delinquency management operations, and help borrowers avoid foreclosure. You must complete a contract and purchase access to use this powerful delinquency scoring system.

Expense ManagerSM provides you with daily electronic status reports and other detailed information about your Freddie Mac default management and reimbursement requests.

> [Login](#)

Incentive ManagerSM conveniently tracks your workout incentive payments as they are earned over a calendar year.

> [Login](#)

Investor Accounting ManagerSM allows you to access and download our loan data, receive

REO Manager[®] gives you information about the status of your Freddie Mac real estate owned (REO) portfolio and about specific REO properties.

> [Login](#)

Servicer Performance Profile is a confidential report that details how well your organization's performance meets our servicing guidelines.

> [Login](#)

Timeline ManagerSM contains loan-level detail on each mortgage past or approaching our time standards for each stage of the delinquent loan management process.

> [Login](#)

Workout Manager[®] helps you spot instances where a workout has been unduly delayed and where your workout specialist might need more guidance to complete a workout arrangement.

> [Login](#)

Workout Prospector[®] enables you to analyze and deliver workouts, receive automatic property valuations, receive reports, and access specific loan information from our database.

> [Login](#)



Sign Up for Access

Sign Up for Access to These Tools

- [Servicing Applications Sign Up Form](#) – Request access to our Servicer Performance Profiles, secured training materials in the Learning Center, and all of the applications in our Manager Series.
- [Online Reimbursement System Sign Up Form](#)
- [Cash Remittance Sign Up Form](#)
- [Workout Prospector Order Form](#)
- [MI Access Order Form](#) [PDF 51K]
- [Subservicer Authorization Form](#) [DOC 60K]

Learn More About Servicing Technology

- Call (800) FREDDIE
- Contact a Freddie Mac servicing representative
- Print a [Servicing Technology Tools factsheet](#) [PDF 101K]

Note

Secured Resources for Servicers

[More Loss Mitigation Resources for Servicers](#) 

You will need your Mortgage Servicing Products ID and password to access these materials.



Sign Up Form

Servicing Applications Sign Up Form

To sign up or change your account information, please complete the form below. This form can be used to list up to 10 individuals in your office who will be using these tools. If you have more than 10 users, complete the form for the first 10 users then submit this form again for any additional users.

Please read the directions carefully! You can use the links to get more information about the form fields.

Fields marked with an * are required.

1. Company Information

* Company
Name:

ABC Mortgage

* Freddie Mac
Seller/Servicer
Family #:

111111

* Tax County:

Test 1245

Please indicate any additional Servicer Family Numbers you require access to (Please separate each Servicer Number with a comma):

Servicing Technology Tools

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REO Manager[®] gives you information about the status of your Freddie Mac real estate owned (REO) portfolio and about specific REO properties.

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Servicer Performance Profile is a confidential report that details how well your organization's performance meets our servicing guidelines.

> [Login](#)

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Enter Network Password



Please type your user name and password.

Site: www.freddiemac.goldworks.com

Realm "Freddie Mac Secure Domain"

User Name

Password

☐ Save this password in your password list

OK

Cancel



Your Servicer Name and Number

Servicer Performance Profiles

ABC BANK / 123456

[Click Here](#) for an Overall Performance Overview!

Investor Reporting And Remitting

[Performance Overview](#)

[Servicer Breakdown](#)

[Additional Performance Criteria](#)

Default Management

[Performance Overview](#)

[One Month Performance Overview](#)

[Servicing Center Performance Overview](#)

[Servicing Center Breakdown](#)

Other Options

[Additional Portfolio Analysis](#)

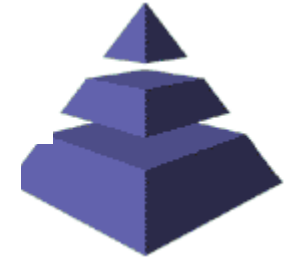
[Servicing Eligibility](#)

[Help Pages](#)

[Learn about the Profiles](#)



Additional Portfolio Analysis



[2-4 Unit Properties in Designated Counsel States](#)

[Condominium Housing Detail](#)

[Current Cycle 60+/FCL Repayment Plan Detail](#)

[Designated Counsel Program Requirements](#)

[Disaster Zone Report](#)

[High Risk Loan Report](#) 

[Manufactured Housing Detail](#)

[Portfolio Analysis](#)

[Quarterly Penalty Analysis](#)



Performance Overview Page: Drill Down on Early Collections

Criteria	April, 20XX			1st Qtr 20XX			4th Qtr 20XY			3rd Qtr 20XY		
	Perf	Tier	Points	Perf	Tier	Points	Perf	Tier	Points	Perf	Tier	Points
<i>COLLECTIONS (20%)</i>												
Early Collections (10%)	100.54 %	2	6.1	99.24 %	2	6.4	99.39 %	2	6.4	101.82 %	2	5.8
Late Collections (10%)	76.60 %	1	10.0	75.04 %	1	10.0	92.51 %	2	7.5	87.30 %	1	8.5
<i>LOSS MITIGATION (35%)</i>												
Workout To REO Ratio (35%)	65.56 %	1	35.0	63.56 %	1	35.0	63.54 %	1	35.0	63.24 %	1	35.0
<i>FORECLOSURE TIMELINES (35%)</i>												
Actual FC Timelines Including Delays	46 days	2	13.5	49 days	2	12.8	52 days	2	12.0	56 days	3	11.1
Adjusted FC Timelines Including Delays (25%)	36 days	2	16.0	39 days	2	15.3	42 days	2	14.5	46 days	2	13.6
Inventory Past Std Severity (10%)	28 days	2	7.0	27 days	2	7.1	27 days	2	7.2	28 days	2	7.0
<i>DATA REPORTING (10%)</i>												
Initial EDR Edits (2.5%)	0.55 %	2	1.9	0.32 %	1	2.4	0.17 %	1	2.5	0.25 %	1	2.5
6th Business Day EDR Edits (1.5%)	0.01 %	1	1.4	0.05 %	1	1.2	0 %	1	1.5	0.02 %	1	1.4
Accuracy of DDLPI Reporting (1%)	0.15 %	1	1.0	0.19 %	1	1.0	0.16 %	1	1.0	0.23 %	1	1.0
Average # of Days to Report FC Sales (5%)	0.43 days	1	5.0	0.37 days	1	5.0	0.52 days	1	5.0	1.02 days	2	4.1
ACTUAL SERVICER PERFORMANCE	Tier 1		80.99	Tier 1		80.92	Tier 1		78.11	Tier 1		77.28
ADJUSTED SERVICER PERFORMANCE	Tier 1		83.49	Tier 1		83.42	Tier 1		80.61	Tier 1		79.78



Early Collections Calculation

Servicer Performance Profiles - Default Management

Early Collections (Lag 1 month / Roll 3 months)
ABC MRTG 123456

[Exclusions](#)

[Performance Thresholds](#)

[Profiles Job Aid](#)

The performance is calculated as follows:

actual fails ([28](#) in MAY20XX [30](#) in APR20XX [23](#) in MAR20XX)
expected fails ([24](#) in APR20XX [23](#) in MAR20XX [22](#) in FEB20XX)

= performance of **117.31%**

[Click Here for Early Collections Performance Trends](#)



Thresholds

Criteria	Weight	Tier 1	Tier 2	Tier 3	Tier 4
Early Collections	10 %	$\leq 95 \%$	$> 95 \% - \leq 105 \%$	$> 105 \% - \leq 115 \%$	$> 115 \%$
Late Collections	10 %	$\leq 90 \%$	$> 90 \% - \leq 105 \%$	$> 105 \% - \leq 120 \%$	$> 120 \%$
Workouts/REO+Workouts	35 %	$\geq 56 \%$	$< 56 \% - \geq 48 \%$	$< 48 \% - \geq 42 \%$	$< 42 \%$
Avg Days, Including Delays	25 %	$\leq 30 \text{ day(s)}$	$> 30 \text{ day(s)} - \leq 55 \text{ day(s)}$	$> 55 \text{ day(s)} - \leq 80 \text{ day(s)}$	> 80
Inventory Past Std Severity	10 %	$\leq 15 \text{ day(s)}$	$> 15 \text{ day(s)} - \leq 30 \text{ day(s)}$	$> 30 \text{ day(s)} - \leq 50 \text{ day(s)}$	> 50
Initial EDR Edits	2.5 %	$\leq 0.5 \%$	$> 0.5 \% - \leq 1 \%$	$> 1 \% - \leq 1.5 \%$	$> 1.5 \%$
6th Business Day EDR Edits	1.5 %	$\leq 0.08 \%$	$> 0.08 \% - \leq 0.16 \%$	$> 0.16 \% - \leq 0.25 \%$	$> 0.2 \%$
Accuracy of DDLPI Reporting	1 %	$\leq 0.5 \%$	$> 0.5 \% - \leq 1 \%$	$> 1 \% - \leq 1.5 \%$	$> 1.5 \%$
Avg # of Days to Report FCL Sales	5 %	$\leq 1 \text{ day(s)}$	$> 1 \text{ day(s)} - \leq 1.5 \text{ day(s)}$	$> 1.5 \text{ day(s)} - \leq 2 \text{ day(s)}$	> 2.0
Overall Tier	100 %	73 pts.	$< 73 \text{ pts.} - \geq 53 \text{ pts.}$	$< 53 \text{ pts.} - \geq 33 \text{ pts.}$	$< 33 \text{ pts.}$



Late Collection Calculation

Lag 12 months / Roll 3 months

[Exclusions](#)

[Load Spreadsheet](#)

[Performance Thresholds](#)

[Profiles Job Aid](#)

The performance is calculated as:

$$\frac{39 \text{ actual fails} + 46 \text{ indeterminate results predicted to fail}}{123 \text{ inflows to 60+ fcl predicted to fail}} = \text{performance of } \mathbf{68.81\%}$$

[Click here for a Late Collections Performance Trends](#)

[Click here for Late Collections Early Warning Check for 9 months from now](#)



Late Collection – Early Warning Check

Lag 3 months / Roll 3 months

[Load Spreadsheet](#)

The performance is calculated as:

$$\frac{43 \text{ actual fails} + 433 \text{ indeterminate results predicted to fail}}{439 \text{ inflows to 60+ FCL predicted to fail}} = \text{performance of } \mathbf{108.40\%}$$

Center:	123456 ABC Bank
Servicer:	123456 ABC Bank

**** Bolding denotes states with rapid foreclosure timelines or increasing REO inflows**

Servicer Loan #	FHLMC Loan #	State	Inflow Cycle	Result Cycle	Result Type	Status	Original EI Score	Indeterminate EI Re-Score
1234567890	234567890	MA	20XX/01	20XX/04	Failure	REO	393	
1234567891	234567891	SC	20XX/01	20XX/04	Indeterm	Foreclosure	349	213
1234567892	234567892	WA	20XY/12	20XX/03	Indeterm	Delinquent	307	249
1234567893	234567893	TN	20XY/11	20XX/02	Indeterm	Foreclosure	365	281
1234567894	234567895	IA	20XY/12	20XX/03	Indeterm	Foreclosure	362	322



Question 1

A short sale is not considered a “failed” since a short sale is a work out?

True

False



Late Collection – Early Warning Check

Lag 3 months / Roll 3 months

[Load Spreadsheet](#)

The performance is calculated as:

$$\frac{43 \text{ actual fails} + 433 \text{ indeterminate results predicted to fail}}{439 \text{ inflows to 60+ FCL predicted to fail}} = \text{performance of } \mathbf{108.40\%}$$

Center:	123456 ABC Bank
Servicer:	123456 ABC Bank

**** Bolding denotes states with rapid foreclosure timelines or increasing REO inflows**

Servicer Loan #	FHLMC Loan #	State	Inflow Cycle	Result Cycle	Result Type	Status	Original EI Score	Indeterminate EI Re-Score
1234567890	234567890	MA	20XX/01	20XX/04	Failure	REO	393	
1234567891	234567891	SC	20XX/01	20XX/04	Indeterm	Foreclosure	349	213
1234567892	234567892	WA	20XY/12	20XX/03	Indeterm	Delinquent	307	249
1234567893	234567893	TN	20XY/11	20XX/02	Indeterm	Foreclosure	365	281
1234567894	234567895	IA	20XY/12	20XX/03	Indeterm	Foreclosure	362	322



Workout to REO Ratio Calculation

(Rolling 12 months)

[Load Spreadsheet](#)

[Exclusions](#)

[Performance Thresholds](#)

[Profiles Job Aid](#)

Workout to REO Ratio

$$\begin{aligned}
 &2 \text{ High Risk Shortsales}(150\%) + 0 \text{ Medium Risk Shortsales}(125\%) + 0 \text{ Low Risk Shortsales}(100\%) + 0 \text{ High Risk Loan Mods}(150\%) \\
 &+ 0 \text{ Medium Risk Loan Mods}(125\%) + 1 \text{ Low Risk Loan Mods}(100\%) + 3 \text{ Repayment Plans}(100\%) + 1 \text{ Deed in Lieus}(50\%) + 0 \\
 &\quad \text{Assumptions}(100\%)
 \end{aligned}$$
 = performance of **51.72%**

8 Weighted Workouts + 8 Reos - 1 Deed in Lieus

[Click Here for a Monthly Breakdown Report](#)

[Click Here for Detailed Calculation](#)



Foreclosure Timeline Including Delays

(Rolling 12 months)

[Load Spreadsheet](#)

[Exclusions](#)

[Performance Thresholds](#)

[Profiles Job Aid](#)

Adjusted Performance for Designated Counsel

-1,417 *Total Days Relative to Standard*

= performance of **-13 Days** (capped at **8 Days**)

106 Total Number of Foreclosure Sales

Un-Adjusted Performance

1,955 *Total Days Relative to Standard*

= performance of **18 Days**

106 Total Number of Foreclosure Sales

[Click Here for Foreclosure Timeline State Summary](#)

[Click Here for Foreclosure Timeline Monthly Summary](#)



Inventory Past Standard Calculation

[Load Spreadsheet](#)

[Exclusions](#)

[Performance Thresholds](#)

[Profiles Job Aid](#)

$$\frac{4,150 \text{ Total Days Relative to Standard}}{361 \text{ Total Number of Loans in Inventory}} = \text{performance of } 11 \text{ Days}$$



Data Integrity

Initial EDR Edits

- Reflects, as a percentage, the number of edits generated in your first monthly EDR transmission compared to the total number of 30+ delinquent loans in your portfolio
- Reported between the first and third business days of the following month



Data Integrity- cont'd

Sixth Business Day EDR Edits

- Reflects, as a percentage, the number of edits not resolved plus the number of 90+ delinquent loans and in foreclosure not reported
- Close of the 6th business day of the month
- Compared to the total number of 30+ delinquent loans



Data Integrity- cont'd

Accuracy of DDLPI Reporting

- Measures the percentage of your 30+ delinquent loans reported with DDLPIs that are inconsistent with the DDLPI information reported via Loan Level Reporting



Data Integrity- cont'd

Average Number of Days to Report – Foreclosure Sales

- The average number of days from the foreclosure sale date to the date you report the foreclosure sale results to Freddie Mac

Default Management Criteria and Weights

Criteria (1-9)	Weights
a. Collections Management	
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7. Sixth Business Day EDR Edits.....	1.5%
8. Accuracy of DDLPI Reporting.....	1%
9. Average Number of Days to Report Foreclosure Sales.....	5%

Servicer Performance Totals

100%



Question 2

Foreclosure Sales Results are due 3 business days following the accounting cutoff?

True

False



Question 3

When must you correct Electronic Default Reporting (EDR) errors each month?

- a) 3rd business day
- b) 5th business day
- c) 6th business day
- d) End of the month



Question 4

What is the impact of reporting an incorrect Bankruptcy chapter?

Answer: There are different allowable delays built into Freddie Mac standard foreclosure timelines that are unique depending on the type of bankruptcy.



Question 5

What Servicer Performance Profile criterion is affected when you use Designated Counsel?

- a) Workout to REO ratio
- b) Actual Foreclosure Timeline Including Delays**
- c) Inventory Past Standard Severity
- d) None of the above



Wrap-Up

We provided you with an overview and challenges for :

- Servicer Performance Profiles
 - Servicing Technology Tools
 - Collections
 - Loss Mitigation
 - Foreclosure Timeline Management
 - Data Integrity



Additional Resources

- The *Single Family Seller/Service* Guide –
 - www.allregs.com
 - <http://www.freddiemac.com/singlefamily/>
- Freddie Mac website – (FreddieMac.com)
 - *Single-Family Seller/Service* Guide Bulletins
 - The Learning Center
- Freddie Mac's Manager Series of Servicing Technology Tools available via www.FreddieMac.com/singlefamily/service/tools.html
 - EarlyIndicator®
 - Timeline ManagerSM
 - Expense ManagerSM
 - Default Reporting ManagerSM etc.

Learning Center Updates

The **Learning Center Updates** page provides quick access to new and updated resources to help you with underwriting, mortgage products, selling, servicing, and more.

View a summary of recent changes at www.FreddieMac.com/learn/ch_ind/



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