

Effective Foreclosure Timeline Management Reference Guide



A foreclosure timeline is the number of days it takes to process a foreclosure, from the due date of the last paid installment (DDLPI) to the foreclosure sale date. As you manage the foreclosure process, you must also monitor and manage your foreclosure timeline performance.

All components of your default servicing organization, including collections, loss mitigation, foreclosure, and bankruptcy have a direct impact on foreclosure timeline performance. Therefore, to promote efficient coordination between departments and reduce delays, it is critical that your default servicing staff understand the foreclosure process and their role within it. Failure to effectively manage your foreclosure timeline performance can result in foreclosure timeline compensatory fees.

This reference guide outlines Freddie Mac requirements that promote effective foreclosure timeline management and provides best practices you can incorporate into your operations to more effectively manage your state foreclosure timeline performance. Note that this reference guide does not include all of our collection, foreclosure, or bankruptcy requirements and should not be relied upon in lieu of the requirements in the *Single-Family Seller/Service Guide* (Guide).

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

- Guide Chapter 9101, *Delinquency Management for Mortgages Secured by Primary Residences*
- Guide Chapter 9102, *Delinquencies*
- Guide Chapter 9301, *Foreclosure*
- Guide Chapter 9401, *Bankruptcy*
- Guide Chapter 9501, *Selection, Retention, and Management of Law Firms for Freddie Mac Default Legal Matters*
- Guide Exhibit 83, *Freddie Mac State Foreclosure Timelines*
- Guide Exhibit 83A, *Determining State Foreclosure Timeline Performance Compensatory Fees*

Key Dates

Adhering to, and exceeding, our requirements for collections, borrower solicitation, and foreclosure referral, as outlined below, can help you improve your foreclosure timeline performance.

Calendar Days After the Due Date	Required Actions
17	Mail late notices and reminder letters to delinquent borrowers by the 17 th day after the due date or the next business day if the 17 th day after the due date is not a business day.
36	<p>Initiate contact with each delinquent borrower as early in the delinquency cycle as possible to secure a payment or payment arrangement but no later than the 36th day after the due date of an unpaid monthly installment, unless ACH payment arrangements or other arrangements to cure the delinquency have been made.</p> <p>You may tailor your contact attempts based on the following:</p> <ul style="list-style-type: none">▪ The risk characteristics of the mortgage▪ The borrower's level of delinquency▪ The borrower's previous payment habits

Calendar Days After the Due Date	Required Actions
36 (continued)	<p>You must continue to contact the borrower at least every seventh day at varying times throughout the day, until the earlier of the 210th day after the due date of an unpaid monthly installment or quality right party contact is achieved and:</p> <ul style="list-style-type: none"> ▪ You determine that the borrower does not want to pursue an alternative to foreclosure or the delinquency is cured, or ▪ You achieve quality right party contact and have obtained from the borrower a promise to pay the delinquent amount by a specific date, not to exceed 30 days, or ▪ You receive a complete Borrower Response Package, or ▪ The borrower enters into a relief or workout option with your organization.
45	<p>If you have not achieved quality right party contact and a resolution to the delinquency, you must send at least one Borrower Solicitation Package to the delinquent borrower no later than the 45th day after the due date of an unpaid monthly installment.</p> <p>If you have achieved quality right party contact and have obtained from the borrower a resolution to the delinquency, you are not required to send the Borrower Solicitation Package. However, in such instance, you must comply with any early intervention notice requirements under applicable law. If the borrower fails to perform under the conditions of a relief or workout option, you must resume collection efforts, including sending the Borrower Solicitation Package.</p>
60 – 75	<p>Send the Freddie Mac Flex Modification® Solicitation Cover Letter and Flex Modification Trial Period Plan Solicitation Offer – Not Based on an Evaluation of a BRP as set forth in Guide Section 9102.5 to borrowers eligible for a streamlined offer for a Freddie Mac Flex Modification in accordance with Guide Section 9206.5.</p> <p>Send 60-75 days after the due date of an unpaid monthly installment for an eligible borrower with a step-rate mortgage.</p> <p>You must continue to make efforts to complete an incomplete Borrower Response Package to the extent required by applicable law and regulations.</p> <p>Order the initial property inspection on or after day 60 of delinquency and obtain the completed inspection no later than the 75th day of delinquency unless:</p> <ul style="list-style-type: none"> ▪ You have achieved quality right party contact, or ▪ You have received a full monthly mortgage payment within the last 30 days. <p>If the property is vacant or tenant-occupied, you must continue to obtain property inspections as long as the mortgage remains 60 days or more delinquent, even if you have achieved quality right party contact.</p> <ul style="list-style-type: none"> ▪ Contact each known superior lien holder, if applicable.
75	<p>Mail the breach letter for all mortgages, including first-lien mortgages and modified mortgages no later than the 60th day of delinquency (90 days after the due date of the last paid installment (DDLPI)).</p> <p>If state law requires that you send the breach letter (or any other pre-breach letter) prior to the 60th day of delinquency in order to be able to refer the mortgage to foreclosure as required in Guide Section 9301.6 and 9301.7, you must send the breach letter on such earlier date.</p>

Calendar Days After the Due Date	Required Actions
90 – 105	<p>Send the Freddie Mac Flex Modification® Solicitation Cover Letter and Flex Modification Trial Period Plan Solicitation Offer – Not Based on an Evaluation of a BRP as set forth in Guide Section 9102.5 to borrowers eligible for a streamlined offer for a Flex Modification in accordance with Guide Section 9206.3.</p> <p>Send 90-105 days after the due date of an unpaid monthly installment for all other eligible borrowers who did not receive a solicitation between day 60 and 75 of delinquency (i.e., certain borrowers with step-rate mortgages).</p>
<p>105 and greater for non-primary residences</p> <p>106 and greater for primary residences</p>	<p>Within 15 days prior to the foreclosure referral, you must review the mortgage file to ensure all of the following:</p> <ul style="list-style-type: none"> ▪ You have made every attempt to achieve quality right party contact in accordance with Guide Section 9102.3. ▪ You have issued the breach letter and it has expired. ▪ You have sent at least one Borrower Solicitation Package or Borrower Solicitation Letter by the 45th day after the due date of an unpaid monthly installment and the response period has expired without an affirmative response from the borrower. ▪ There is no approved payment arrangement or alternative to foreclosure offer pending in which the borrower response period has not expired. <p>This is also referred to as the pre-foreclosure referral review.</p>
120	<p>Refer all mortgages, secured by properties other than primary residences and mortgages secured by primary residences when permitted by applicable law, including first-lien mortgages and modified mortgages, with expired breach letters to foreclosure, unless one of the following conditions exists:</p> <ul style="list-style-type: none"> ▪ You received a complete Borrower Response Package and are still in the 30-day evaluation period. ▪ You have extended an offer for an alternative to foreclosure and the borrower response period has not expired. ▪ The borrower is conditionally approved for mortgage assistance under the Hardest Hit Funds initiative as set forth in Guide Section 9211.1. ▪ The borrower has accepted an offer for an alternative to foreclosure and is performing in accordance with its terms.

Calendar Days After the Due Date	Required Actions
<p>121 and beyond</p> <p>(May be earlier if the loan is referred to foreclosure prior to the 120th day of delinquency.)</p>	<p>Refer all mortgages secured by primary residences to foreclosure after the expiration of the breach letter, but no earlier than the 121st day of delinquency unless applicable law permits earlier referral or one of the exceptions applies:</p> <ul style="list-style-type: none"> ▪ There is an approved payment arrangement or an alternative to foreclosure. ▪ A complete Borrower Response Package has been received and you are still within the 30-day evaluation period. ▪ You have extended an offer for an alternative to foreclosure and the period for the borrower's response has not yet expired. ▪ The borrower is conditionally approved for mortgage assistance under the Hardest Hits Funds initiative as outlined in Guide Section 9211.1. ▪ The borrower has accepted an offer for an alternative to foreclosure and is performing in accordance with its terms. ▪ The time period for the borrower to exercise a right to appeal a denial of a Trial Period Plan or loan modification (per Guide Section 9101.3) has not expired, you are reviewing the borrower's appeal, or the borrower's time period to respond to your decision on the appeal and any acceptance period for an alternative to foreclosure offered as part of that decision has not expired.
<p>211</p>	<p>After the 210th day after the due date of an unpaid monthly installment, you have discretion on the continuation and frequency of contact attempts with a delinquent borrower. However, you must discontinue all contact attempts up to 60 days prior to a foreclosure sale date for a judicial foreclosure or 30 days prior to a foreclosure sale for a non-judicial foreclosure, unless you are required to continue contact attempts by applicable law.</p>

Using a Collection and Loss Mitigation Tool

You may use your own methodology or a tool that uses statistical models to predict worsening delinquency and use the results of the tool to tailor your collection efforts ("Collection and Loss Mitigation Tool"), to determine when contact attempts should begin. You must comply with the minimum collection efforts outlined above and in Guide Sections 9102.4 and 9101.2 even if you use a Collection and Loss Mitigation Tool, including initiating contact attempts no later than 36 days after the due date of an unpaid monthly installment. If you use a Collection and Loss Mitigation Tool to manage contact attempts, you must make model specifications and code available to Freddie Mac upon request.

You must conduct periodic reviews to ensure the effectiveness of the Collection and Loss Mitigation Tool, including compliance with applicable laws, including anti-discriminatory laws. Freddie Mac reserves the right to require a Servicer to discontinue the use of a Collection and Loss Mitigation Tool for Freddie Mac mortgages.

How Can I Improve My Foreclosure Timeline Performance?

There are several activities you can perform to effectively manage and improve your foreclosure timeline performance.

Report Accurately and Timely

Reporting your monthly EDR data and foreclosure sale/DIL results to Freddie Mac in an accurate and timely manner is critical to effective foreclosure timeline management.

- 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*.
- Notify us of the sale results through the Foreclosure Sale/DIL submission no later than the business day immediately following the date of the foreclosure sale.

Evaluate the Borrower for Alternatives to Foreclosure in a Timely Manner

Once you receive a complete Borrower Response Package, you must complete your evaluation within 30 days of receipt.

The following table outlines what actions you must take when you receive a complete Borrower Response Package and the foreclosure sale is already scheduled. For additional information, refer to Guide Sections 9102.5 and 9301.28.

If you receive a complete Borrower Response Package	Then
Greater than or equal to 37 days prior to the scheduled foreclosure sale	Unless you are reviewing a First Complete Borrower Response Package, you are not required to suspend foreclosure proceedings to review the complete Borrower Response Package and notify the borrower of the decision.
Between 15 to 37 days prior to the scheduled foreclosure sale date	Expedite your review and make a determination at least seven days before the scheduled foreclosure sale date. This ensures you are able to complete a foreclosure certification to the attorney at least seven days prior to the scheduled foreclosure sale date, if appropriate, or offer the borrower an alternative to foreclosure.
If you receive a complete Borrower Response Package	Then
Less than 15 days prior to the scheduled foreclosure sale date	Determine if you can complete an expedited review of the Borrower Response Package and make a decision by the foreclosure certification date (seven days prior to the scheduled foreclosure sale date). If you are able to do this, complete the review.

Monitor the Foreclosure Process

- Analyze your foreclosure timeline performance in each state. Create efficiencies and implement processes and procedures, as necessary, to improve foreclosure timeline performance and avoid compensatory fees.
- In addition to your organization's internal tracking systems, leverage the reports available in Timeline ManagerSM to monitor and manage loans with delays and loans approaching past standard.
- Enhance your systems to meet current servicing requirements and reflect updates to state statutes. This will help you monitor and manage key activities and dates in the foreclosure process.
- Assign specific resources to coordinate efforts with the various areas in your organization that impact the foreclosure process.
- Proactively manage outsource vendors.

Select the Foreclosure Counsel

For requirements applicable to Freddie Mac Default Legal Matters, refer to Guide Chapter 9501.

Work Effectively with Attorneys

- Always communicate your expectations to the attorney in writing. Follow up in writing on any requests you make via phone.
- Give the foreclosure attorney a current list of your department personnel including name, telephone number and title. Update this list regularly.
- Communicate our state foreclosure timelines to your staff and attorneys.
- Work closely with law firms to mitigate the impact of delays for contested foreclosures, probate, property seizures, etc.
- Facilitate prompt and efficient completion of foreclosure proceedings and acquisition of clear and marketable title.

Submit All Documentation to the Foreclosure Attorneys in a Timely Manner

One of the most common causes of delays in the foreclosure process is insufficient documentation provided to the attorney when you refer the loan for foreclosure.

- At a minimum, the following documentation is required for foreclosure referral. Additional documentation may be required for foreclosure referral, depending on the state in which the subject property is located.
 - Copies of the Note (or the original Note if required by applicable law) evidencing the indebtedness along with any intervening assignments, powers of attorney or any applicable modifying agreement, such as a modification, a conversion agreement or an assumption of indebtedness and release of liability agreement.
 - Mortgage or Deed of Trust
 - Copy of the original title insurance policy
 - Copy of the breach, acceleration or demand letter sent to the borrower
 - Military affidavits
 - Executed Substitution of Trustee, as necessary
 - Payoff statement with per diem interest as of the date of the foreclosure referral
- Address missing documentation early and with urgency. Quick resolution to missing documentation enables the law firm to begin the foreclosure process and respond to any filings or demands.
- Respond to requests for information and provide all reinstatement and payoff figures to the attorney within two business days of the request.

Mitigate the Impact of Delays

- Dedicate staff to identify problems and resolve delays.
- Respond to borrower defenses promptly.
- Proactively work to resolve delays within your control and take steps to prevent them from occurring in the future. Examples include, but are not limited to, failure to provide foreclosure referral documentation or information requested by the attorney such as documentation related to litigation or mediation, and additional foreclosure-related documentation such as Assignments of Mortgage/Deed of Trust and Substitutes of Trustee, in a timely manner.
- For delays beyond your control, diligently manage the delay by ensuring timely follow up with the borrower, attorney, or other applicable party. Examples of such delays include, but are not limited to, process of service delays, state delays in obtaining Mediation Certificates, clerk filing delays, and court delays in obtaining judgment hearings.
- Prevent delays in foreclosure caused by state mandates or statutes for which you are eligible for exemption. Ensure you understand variances in state laws and take the appropriate actions to reduce the impact of those delays if they are not applicable to all loans.

- Mitigate the impact of delays due to distressed property issues by referring to Guide Section 8403.1.
- Be familiar with the allowed state foreclosure timeline delays, and how we calculate the additional time granted for the delays:

Delay	Additional Time Granted for the Delay
Bankruptcy – Chapter 7*	The actual number of days between the begin date (reported via EDR using default action code 65) and the end date (reported via EDR using default action code 76), up to a maximum of 80 days.
Bankruptcy – Chapter 11*	The actual number of days between the begin date (reported via EDR using default action code 66) and the end date (reported via EDR using default action code 76), up to a maximum of 125 days.
Bankruptcy – Chapter 12*	The actual number of days between the begin date (reported via EDR using default action code 59) and the end date (reported via EDR using default action code 76), up to a maximum of 125 days.
Bankruptcy – Chapter 13*	The actual number of days between the begin date (reported via EDR using default action code 67) and the end date (reported via EDR using default action code 76), up to a maximum of 125 days.
Probate	The actual number of days between the begin date (reported via EDR using default action code 31) and the end date (last cycle reported via EDR), up to a maximum of 120 days.
Military Indulgence	The actual number of days between the begin date (reported via EDR using default action code 32) and the end date (last cycle reported via EDR), up to a maximum of 450 days.
Contested Foreclosure	The actual number of days between the begin date (reported via EDR using default action code 33) and the end date (last cycle reported via EDR), up to a maximum of 90 days.
HAMP in Review	<p>The number of days between the HAMP in Review begin date (reported via EDR using default action code H7) and end date (reported via EDR using default action code HE), up to a maximum of 60 days.</p> <p>Note: Mortgages that become delinquent after June 30, 2012 will no longer have this allowable delay applied to the calculation of foreclosure timeline compensatory fees.</p>
HAMP Trial Period Plan	The number of days between the Trial Period Plan begin date (reported via EDR using default action code 09 and default reason code HMP) and the end date (last cycle reported via EDR), up to a maximum of 120 days.
Unemployment Forbearance	The number of days between the unemployment forbearance begin date (reported via EDR using default action code 09 and default reason code 016) and the end date (last cycle reported via EDR), up to a maximum of 180 days.
Standard Modification Trial Period Plan	The number of days between the Trial Period Plan begin date (reported via EDR using default action code BF) and the end date (last cycle reported via EDR), up to a maximum of 120 days.

*For multiple bankruptcy filings, the 80- or 125-day exclusions apply to each independent bankruptcy filing.

Manage Loans in Bankruptcy to Prevent Foreclosure Timeline Delays

Bankruptcy Chapter	When to Refer to Counsel and File for Relief of Automatic Stay	
Chapter 7	If the borrower	Then
	Is current at the time of the bankruptcy filing	You are not required to refer the case to counsel.
	Is delinquent at the time of the bankruptcy filing	You must refer the case to counsel within three business days of receiving notice and instruct counsel to file for relief from the automatic stay.
	Becomes delinquent subsequent to the bankruptcy filing	You must refer the case to counsel and instruct counsel to file for relief from the automatic stay after the borrower becomes 30 days delinquent.
Chapter 11	If the borrower	Then
	Is current at the time of the bankruptcy filing	You must refer the case to counsel upon receiving notice.
	Is delinquent at the time of the bankruptcy filing	You must refer the case to counsel within three business days of receiving notice and instruct counsel to file for relief from the automatic stay when the borrower misses his or her second post-petition and/or plan payment.
Chapter 12 and 13	If the borrower	Then
	Is current at the time of the bankruptcy filing	You are not required to refer the case to counsel.
	Is delinquent at the time of the bankruptcy filing	You must refer the case to counsel within three business days of receiving notice and instruct counsel to file for relief from the automatic stay when the borrower misses his or her second post-petition and/or plan payment.
	Becomes delinquent subsequent to the bankruptcy filing	You must refer the case to counsel and instruct counsel to file for relief from the automatic stay after the borrower becomes 45 days delinquent.

- When you determine that there are successive filings and the filings are more than 12 months apart, direct counsel to file a motion for "in rem" relief or 180 day bar to prevent the borrower from filing another bankruptcy case in the future affecting the property securing our mortgage. For additional information about handling borrowers who have had multiple bankruptcy filings, refer to Guide Section 9401.4.
- As a best practice, proactively manage delayed bankruptcy cases where the bankruptcy trustee, court, or judge prevented a motion for release, court clearance, did not release the asset, or took actions outside of standard bankruptcy practices.

- If the mortgage is delinquent when the bankruptcy is released, you must take the following actions, immediately, as applicable:

If the mortgage was	Then
In foreclosure prior to the bankruptcy filing	Resume foreclosure activities in accordance with Guide Chapter 9301.
Not in foreclosure prior to the bankruptcy filing	Initiate or resume collection activities in accordance with Guide Chapter 9101 (if applicable) or Guide Chapter 9102.

- Monitor the bankruptcy filing and obtain status of the proceedings from the attorney or trustee in a timely manner. This includes, at a minimum, assisting with any motions for relief of stay and monitoring the first meeting of creditors, proof of claim and/or confirmation of the bankruptcy plan, pre- and post-petition payments, pleadings and notices.

Complete all Reviews and Certifications Prior to the Foreclosure Sale

Pre-Sale Account Review

At least 30 days prior to the foreclosure sale date, you must perform a pre-sale account review.

To do this, you must:

- Review the account history to verify that you have complied with all required borrower outreach, solicitation and evaluation requirements outlined in Guide Chapters 9101 and 9102.
- Verify that there is no approved payment arrangement or pending alternative to foreclosure offer or appeal for which the borrower response period has not expired.

You must document the results of this review in the mortgage file or your servicing system.

Certification to the Foreclosure Attorney

At least seven, but no more than 15 days prior to the foreclosure sale, you must review the account and send written certification to the attorney indicating that the foreclosure sale must continue.

However, if any of the following apply, you must not provide the certification to the attorney, and must make every effort to stop a scheduled foreclosure sale:

- Your review of the account indicates that all borrower outreach, solicitation, and evaluation requirements have not been met.
- There is an approved payment arrangement or pending alternative to foreclosure offer or appeal for which the borrower response period has not expired.

You must document the results of this review in the mortgage file or your servicing system.

To prevent unnecessary delays, work with the foreclosure attorney to develop a process for receipt of the certification. If the attorney cancels the foreclosure sale due to your failure to provide the certification in a timely manner, you will be assessed a compensatory fee for delays resulting from such a cancellation.