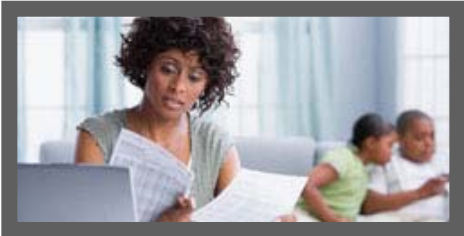


Help for America's Homeowners



Making Home Affordable

Working Together to Help Homeowners





Response to the Crisis

MHA is part of Administration approach to promoting stability for housing market, homeowners.

- Homeowner Affordability and Stability Plan boosts affordability and reduces foreclosures. MHA is key.
- Supported the \$8,000 Homebuyer Tax Credit, which helped 2.5M families purchase homes.
- Provided almost \$7B in support of Neighborhood Stabilization Program to purchase, rehabilitate, sell, and rent foreclosed and vacant properties.
- Created \$7.6B HFA Hardest Hit Fund for innovative foreclosure prevention programs in nation's hardest hit housing markets.



Making Home Affordable Offers Help

MHA and other programs work together to help homeowners avoid foreclosure and revitalize housing.

- Home Affordable Refinance Program (HARP)
- FHA Refinance for Homeowners with Negative Equity (FHA Short Refinance)
- Treasury/FHA Second Lien Program (FHA2LP)
- Home Affordable Modification Program (HAMP)
 - Home Affordable Unemployment Program (UP)
 - Principal Reduction Alternative (PRA)
- Second Lien Modification Program (2MP)
- Home Affordable Foreclosure Alternatives (HAFA)
- Options for mortgages insured, guaranteed, or held by federal government agencies:
 - FHA (FHA-HAMP), USDA's RHS Special Loan Servicing (RD-HAMP), and VA (VA-HAMP)
- Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HHF)



HARP Overview

Home Affordable Refinance Program (HARP)

- Helps homeowners unable to refinance due to declining property values.
- Makes payments more affordable or more stable.
 - Replace ARM, Option ARM etc. with fixed-rate mortgage.
 - Reduce amortization term in order to build equity.
- Extended through June 30, 2011.



HARP Eligibility Criteria

Homeowner:

- Is current on the mortgage
- Is owner-occupant of a 1-4 unit property
- Has reasonable ability to pay the new mortgage payment

Loan:

- Owned or guaranteed by Fannie Mae or Freddie Mac
- First mortgage cannot exceed 125% of property's current market value
- Refinance must improve affordability or sustainability



Steps to HARP Refinance

Homeowner contacts lender to apply for HARP.

- Homeowner determines basic eligibility at MakingHomeAffordable.gov.
- Homeowner owing more than 105% and up to 125% of home's current market value contacts current lender to apply for HARP refinance.
- Homeowner owing 105% or less of home's current market value contacts any GSE-approved mortgage lender to apply for HARP refinance.



FHA Short Refinance Overview

Provides additional refinancing option for underwater homeowners.

- Provides homeowner who owes more than home value chance to refinance into FHA loan at no more than 97.75% of home value.
- Lender writes down unpaid principal balance of 1st lien by at least 10%.
- Treasury provides incentives to participating servicers, investors who extinguish all or part of 2nd lien.
- Effective September 7, 2010 - December 31, 2012.



Scenarios of HAMP Modifications

Program enhancements are designed to address a variety of scenarios.

What if the homeowner is struggling to make the mortgage payment?

Home Affordable Modification Program (HAMP)

What if the homeowner is unemployed?
Unemployment Program (UP)

What if the homeowner owes more than the home is worth?
Principal Reduction Alternative (PRA)



HAMP Overview

Home Affordable Modification Program (HAMP)

- Modifies 1st liens for eligible homeowners to achieve more affordable or more stable payments.
 - Helps homeowners keep their homes.
 - Reduces impact of foreclosure on communities.
- Ends December 31, 2012.



HAMP Eligibility Criteria

Homeowner:

- Has financial hardship and is delinquent or at risk of default
- Is owner-occupant of 1-4 unit property
- Has sufficient, documented income to support the modified payment

**What if the homeowner is unemployed?
Try UP.**

Loan:

- Amount owed on first mortgage equal to or less than \$729,750
- Mortgage originated on or before January 1, 2009
- First mortgage payment (PITI + homeowner association/condo fees) is greater than 31% of homeowner's monthly gross income



UP Overview

Home Affordable Unemployment Program (UP)

- Any unemployed homeowner who requests assistance under HAMP must first be considered for UP.
- UP provides temporary assistance to homeowner with hardship related to unemployment.
- Assistance grants homeowners a forbearance where payments are reduced or suspended.
- Effective August 1, 2010.



UP Eligibility Criteria

Borrower:

- Is owner-occupant of 1-4 unit property.
- Makes request before seriously delinquent (three months due, unpaid).
- Is unemployed at time of request and eligible for unemployment benefits.
- Has not previously received UP forbearance.

Loan:

- Amount owed on first mortgage equal to or less than \$729,750.
- Mortgage originated on or before January 1, 2009.
- Is delinquent or default is foreseeable.
- Loan has not been previously modified under HAMP.



From UP to HAMP Modification

Eligible homeowner enters forbearance period.

- Minimum forbearance is 3 months, but may be extended at servicer discretion.
- Homeowner's payment must be reduced to no more than 31% of gross income.
- Servicer may suspend homeowner's mortgage payment in full.
- UP Forbearance Plan Notice provides the effective date and other details about the Forbearance Plan.



From UP to HAMP Modification

Servicer evaluates eligible homeowner for HAMP.

- At least 30 days before forbearance expiration, servicer required to evaluate whether extension will be provided.
- Servicer provides Initial Package to homeowner at re-employment or 30 days before UP forbearance expiration.
- Homeowner submits Initial Package for servicer evaluation for HAMP.



Steps to HAMP Modification

Step #1 **for everyone!**

Homeowner submits Initial Package for evaluation.

**What if the homeowner is underwater?
Try PRA.**

- Homeowner proactively seeks help from servicer or responds to servicer solicitation letter.
- Homeowner submits Initial Package:
 - Request for Modification & Affidavit (RMA)
 - Signed and dated 4506T-EZ
 - Evidence of income
 - Certification that homeowner not convicted of felony larceny, theft, fraud or forgery; money laundering; or tax evasion over last 10 years.
- Servicer evaluates income, debt, and hardship against eligibility criteria.



PRA Overview

Principal Reduction Alternative (PRA)

- PRA was designed to help homeowners whose homes are worth significantly less than they owe (LTV 115%+) by encouraging servicers and investors to offer principal reduction relief.
- Principal reduction may lower re-default risk for some loans.
- HAMP-participating servicers required to evaluate homeowners for PRA.
- Each servicer required to develop guidelines around application of principal reduction.
- Effective October 1, 2010 - December 31, 2012.



HAMP Steps to Modification

Servicer calculates target modified payment.

Servicer applies the **standard modification waterfall** to reduce monthly mortgage payment to 31% of gross (pre-tax) income.

1. Capitalize outstanding interest, escrow advances, out-of-pocket servicing expenses (no late fees).
2. Cut interest rate to as low as 2%.
3. Extend loan term up to 40 years.
4. Defer portion of principal, interest-free, until loan is paid off.



PRA Alternative Modification Waterfall

Servicer calculates target modified payment.

If servicer forgives 5%+:

- ❖ Interest rate may exceed 2%.
- ❖ Step 3 may precede Step 2.

For underwater homeowner (LTV 115%+), servicer must **ALSO** apply the **alternative modification waterfall** to reduce monthly mortgage payment to 31% of gross (pre-tax) income.

1. Capitalize outstanding interest, escrow advances, out-of-pocket servicing expenses (no late fees).

❖ Servicer reduces UPB to reach LTV of 115% or target monthly mortgage payment at 31%.

2. Cut interest rate to as low as 2%.
3. Extend loan term up to 40 years.
4. Defer portion of principal, interest-free, until loan is paid off.



PRA NPV Test

Servicer Applies Net Present Value (NPV) Test

- NPV test is complex, nonlinear mathematical model to analyze cost/benefit of investment decisions.
- If NPV test is positive on **standard modification waterfall**, servicer must modify loan.
- If NPV test is negative, servicer may modify loan in accordance with investor guidelines.

❖ If NPV test is positive on **alternative modification waterfall**, servicer may reduce principal with HAMP modification.

- Homeowner can request review of NPV values if denied because of negative NPV test.



Steps to HAMP Modification

Qualified homeowner enters HAMP Trial Period.

- Servicer offers 3-month trial modification (4 months if in imminent default at start).
- Trial Period Plan Notice details terms and need not be signed by homeowner.
- Homeowner must make payment each month during trial period.
- Homeowner eligible for permanent modification after successful trial period.



PRA Application of Principal Reduction

PRA reduces principal over three years.

- Servicer must initially treat principal reduction as non-interest bearing principal forbearance.
- Homeowner in good standing receives principal reduction in thirds: one-third per year for 3 years.
- Homeowner in good standing who sells home or pays off loan 30+ days after permanent modification is effective receives total reduction.
- Servicer may retroactively forgive any amount of principal for any loan permanently modified or in a trial period plan prior to October 1, 2010.



PRA Homeowner Notification

Servicer provides homeowner details of principal reduction.

Servicer must provide the following information to the homeowner:

- How deferred principal reduction will be applied to the loan.
- That principal reduction will be reported to IRS in year curtailment is applied.
- That homeowner should seek advice from tax professional.
- How homeowner may elect to decline the principal reduction.



HAMP Modification Pays for Performance

HAMP reduces principal for responsible homeowners.

- Homeowner who makes timely payments receives principal reduction of up to \$5,000: \$1,000 per year for 5 years.



HAMP Protections Against Foreclosure

Designed to protect responsible homeowners from unnecessary and costly foreclosure actions.

- Servicers may not refer homeowner to foreclosure until homeowner is determined ineligible for HAMP, or contact efforts failed.
- Servicer may not proceed with foreclosure sale until homeowner determined ineligible, declines HAMP, or contact efforts have failed.
- Servicer's attorney or trustee cannot conduct a foreclosure sale without written certification that a homeowner is not HAMP-eligible.
- In most cases, if not approved, homeowner benefits from 30-day waiting period before foreclosure sale.



HAMP Help for Homeowners in Bankruptcy

Designed to expand modification opportunities for homeowners in bankruptcy.

- Servicers must consider homeowners in active bankruptcy for HAMP if request is received from homeowner, homeowner's counsel, or bankruptcy trustee.
- Homeowners in trial period plans who subsequently file for bankruptcy may not be denied HAMP modification because of bankruptcy filing.



2MP Overview

Second Lien Modification Program (2MP)

- Designed to work in tandem with HAMP, providing a comprehensive solution for homeowner with 2nd lien.
- When 1st lien is modified, participating 2MP servicer must offer to modify 2nd lien.
- Available through servicers participating in 2MP.
- Effective through December 31, 2012.



2MP Coordination with HAMP

2MP works in tandem with HAMP.

- When there is principal forbearance or reduction on 1st lien, participating 2MP servicer must forbear or forgive on 2nd lien in at least same proportion.
- If principal reduction is offered retroactively on a 1st lien, 2MP servicer may forgive principal retroactively on 2nd lien.



2MP Modification Pays for Performance

2MP reduces principal for responsible homeowners.

- Homeowner who makes timely payments receives principal reduction of up to \$1,250: \$250 per year for 5 years.



HAFA Overview

Home Affordable Foreclosure Alternatives (HAFA)

- Provides alternatives—Short Sale (SS) and Deed-in-Lieu of foreclosure (DIL)—when home retention options are exhausted.
- Standardized process offers graceful exit to proactive homeowners:
 - Releases homeowner from future liability.
 - Provides \$3,000 relocation assistance.
 - Encourages cooperation from subordinate lien holders.
- Effective April 5, 2010 – Dec. 31, 2012.



HAFA Eligibility Criteria

Homeowner:

- Is owner-occupant
- Property may be vacant <90 days if homeowner required to relocate 100+ miles for work

Loan:

- Amount owed on 1st mortgage equal to or less than \$729,750
- Mortgage originated on or before January 1, 2009
- First mortgage payment (PITI + homeowner association/condo fees) is greater than 31% of homeowner's monthly gross income



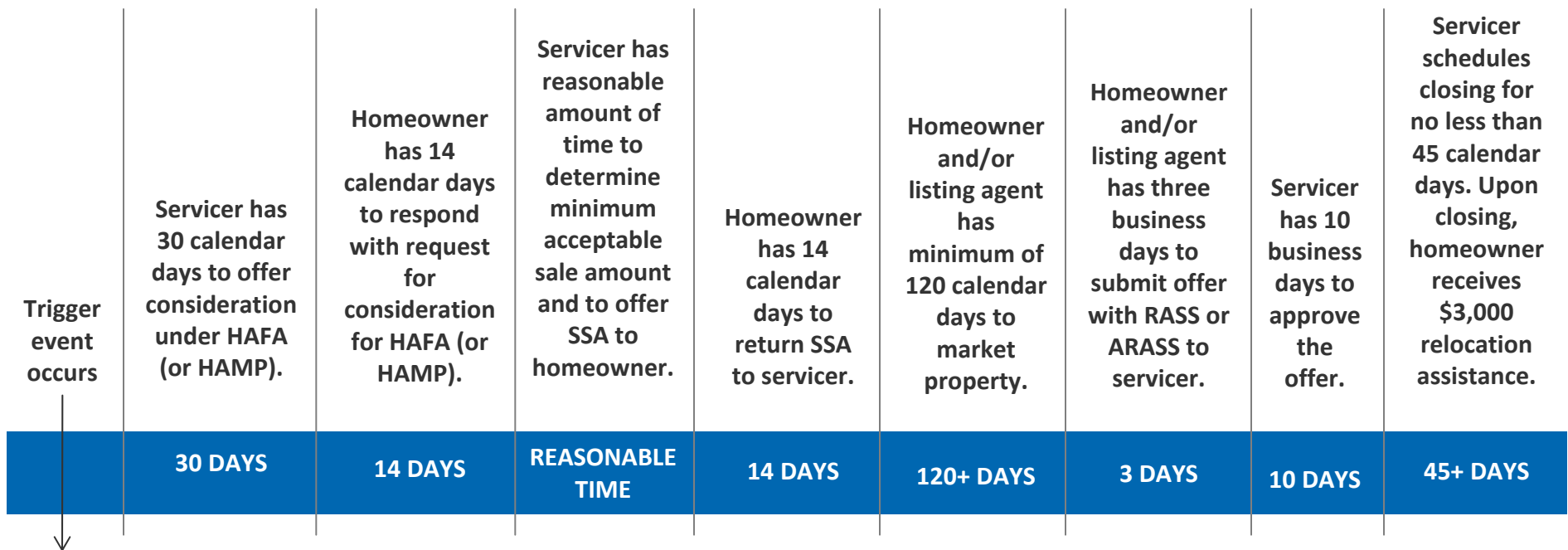
HAFA Short Sale

HAFA Short Sale releases homeowner from future liability for debt

- Servicer allows homeowner to sell property for less than full amount due on mortgage.
- Servicer accepts payoff in full satisfaction of mortgage.
- Servicer approves short sale terms prior to listing using standard forms and specific timeframes.
- Alternatively, servicer may approve short sale at homeowner request for property already on the market.



HAFA Pre-Approved Short Sale Process



Homeowner ...

- Does not qualify for a Trial Period Plan
- Does not successfully complete a Trial Period Plan
- Is delinquent on a HAMP modification
- Requests a short sale or DIL



HAFA Deed-in-Lieu of Foreclosure

HAFA DIL releases homeowner from future liability for debt.

- Homeowner voluntarily transfers ownership of mortgaged property to servicer in full satisfaction of the total amount due.
- Servicer may require homeowner to list and market property before agreeing to DIL.
- Homeowner provides marketable title, free and clear of other mortgages, liens, and encumbrances.
- HAFA incentives also available on Deed-to-Lease options.



HHF Overview

Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HHF)

- HHF supports innovative HFA programs that stabilize housing and help families avoid foreclosure.
- Programs may include assistance to unemployed homeowners, principal reduction, funding to extinguish 2nd liens, and facilitation of SS, DIL.
- Designed to complement MHA or reach homeowners ineligible for MHA.
- Eighteen states plus DC have funds available: AL, AZ, CA, FL, GA, IL, IN, KY, MI, MS, NJ, NV, NC, OH, OR, RI, SC, and TN.
- FinancialStability.gov/roadtostability/hardesthitfund.html



HHF Rules of Engagement

HHF programs are intended to complement assistance provided through MHA.

A servicer may not...

- Deny or delay HAMP consideration pending acceptance of a borrower into an HHF program.
- Require that homeowners first request HFA program assistance.
- Solicit the homeowner for participation in an HHF program without written consent from the HFA.

A servicer may...

- Contact the HFA for authorization to notify homeowner of potential participation in HHF.



HHF Interactions - Unemployment Assistance

HHF programs offer additional assistance to unemployed homeowners.

- May precede, run concurrently with, or extend UP forbearance.
- If HHF assistance precedes UP, servicer receiving payments greater than 31% of homeowner's gross monthly income must offer qualified homeowner UP forbearance (at least 3 months in length) after HHF assistance ends and prior to evaluating the borrower for HAMP.



HHF Interactions - Principal Reduction

HHF programs are designed to assist homeowners whose homes are significantly underwater.

- HHF programs can contribute funds toward principal reduction to enable modification to take place.
- HHF programs can be used to pay escrow shortages and reduce arrearages. If such amounts have been capitalized, the payments are a principal reduction.
- HHF programs can be used to make modifications NPV positive by providing upfront principal reduction.



HHF Interactions - Funding for 2nd Liens

HHF programs may include funding to extinguish 2nd liens.

- 2nd lien may be modified or extinguished under HHF program if 1st lien not in Trial Period Plan, not modified by HAMP.
- 2nd lien may be modified or extinguished under HHF program if servicer does not participate in 2MP.
- If corresponding 1st lien subsequently modified under HAMP, 2MP servicer must modify 2nd lien per 2MP guidance.



HHF Interactions - Short Sales, DILs

An HHF program can help a homeowner make a graceful exit.

HHF programs may...

- Assist homeowner with monthly payments during Short Sale marketing period.
- Provide additional relocation assistance following successful Short Sale or DIL.

HHF programs may not...

- Provide additional compensation to extinguish subordinate liens in a HAFA transaction.



HHF Interactions - Government-Insured Loans

HHF programs work with the servicer and insurer to determine the most effective use of resources.

HHF programs may be used to facilitate FHA modifications in the following ways:

- Payment of arrearages
- Reduction of forbore amounts
- Settlement of other debt



Find Program Info

MakingHomeAffordable.gov

Homeowners have easy access to MHA information and tools.

Find the list of participating servicers at www.MakingHomeAffordable.gov/contact_servicer.html.

The screenshot shows the homepage of MakingHomeAffordable.gov. At the top, there are navigation links: ABOUT, ELIGIBILITY, LOAN LOOK UP, FIND A COUNSELOR, REQUEST A MODIFICATION, RESOURCES, AUDIO AND VIDEO, and EN ESPAÑOL. A main banner features a photo of President Obama with the headline "Help for the Hardest Hit" and a "Read More" button. Below the banner, there are sections for "Learn About Making Home Affordable" with sub-sections for "Refinancing" and "Modification". A prominent red box highlights the "888-995-HOPE Homeowner's HOPE Hotline". There is also a "LATEST NEWS" section with links to recent announcements and an "UPCOMING EVENTS" section. At the bottom, there is a video player titled "Your Path to a More Affordable Mortgage" featuring a woman named Kim.



Fight Scams

LoanScamAlert.org

Spread the word. Identify and report scams.

LOAN MODIFICATION SCAM ALERT

VIEW SITE IN: ENGLISH / ESPAÑOL

MATERIALS ALSO AVAILABLE IN: 한국어 / 中文 / Tiếng Việt

For loan modification guidance or to report a scam, call: **1(888)995-HOPE**

HOME | HOW TO SPOT SCAMS | HOW TO REPORT SCAMS | BECOME A PARTNER | ABOUT THIS CAMPAIGN

6 FACTS YOU SHOULD KNOW ABOUT LOAN MODIFICATION SCAMS

It's a growing problem across the country: Homeowners facing foreclosure are losing their money – and their homes – to loan modification scams. Information is your best defense. If you see the signs of a scam and know the facts, you can protect yourself.

WE BUY HOUSES
We'll buy/lease your house in 7 days or less
909-555-3347
24 hour recorded message

FACING FORECLOSURE?
Get real help, free of charge, from HUD-approved counseling agencies. [Learn More Here](#)

SCAM ALERT PA

Information is available in multiple languages.

MOST COMMON SCAMS
Loan modifications scams are changing every day. Read descriptions of some of the most common scams to avoid.

TRUSTED AUTHORITIES
There are many resources available to you for information on foreclosure counseling and loan modification scams.

REAL SCAM STORIES
Anyone can be a victim of a loan modification scam. Learn from past victims, so you don't become one.

Homeowners learn to identify scams. Enforcement is key part of campaign.

E-CA
Send your friends and family this e-card that highlights the warning signs of loan modification scams. [Send an E-card](#)

Partner Toolkit provides resources for local participation and promotion.

FOLLOW US ON FACEBOOK | FOLLOW US ON TWITTER

NeighborWorks AMERICA | Freddie Mac | Fannie Mae | NATIONAL LAWYERS COMMITTEE FOR CIVIL RIGHTS

MEDIA CENTER / CONTACT US / SITEMAP / PRIVACY POLICY



Resources for Trusted Advisors

Resources are in place to help advisors help homeowners.

- HAMP Solution Center: 1-866-939-4469, support@HMPAdmin.com
- Escalate cases to escalations@HMPAdmin.com.
- FannieMae.com, (800)7Fannie, KnowYourOptions.com
- FreddieMac.com, (800)Freddie, Borrower_Outreach@FreddieMac.com
- Follow MHA progress at FinancialStability.gov.
- For assistance with FHA loans, contact the FHA National Servicing Center at (877)622-8525 or HUD.gov/offices/hsg/sfh/nsc/nschome.cfm.
- For assistance with VA loans, call (877)827-3702 or visit HomeLoans.va.gov.
- For help with RHS loans, contact the Centralized Servicing Center at (800)414-1226.



Access Program Information

HMPAdmin.com

Trusted advisors have easy access to MHA information and tools.

The screenshot shows the 'Home Affordable Modification Program' website. The navigation menu includes ABOUT, REGISTRATION, PROGRAMS, NEWS, RESOURCES, and CONTACT US. The 'RESOURCES' menu is expanded, showing options like 'For Counselors', 'Borrower Outreach', 'Learning Center', and 'eSignature'. A callout box titled 'Resources for Counselors and Trusted Advisors' lists: FAQs, Presentations, and Escalation process details. Another callout box titled 'Homeowner Outreach' lists: Homeowner presentations, Consumer brochures, Fact Sheets in English, Spanish, Portuguese, Chinese, Korean, Hmong, Tagalog and Vietnamese, and Web-ready banner ads. The main content area shows 'Borrower Outreach Materials' with an 'Overview Presentation' and 'Brochures' section, each containing download links for English and Spanish versions.



Trusted Advisors Escalate Tough Cases

HAMP Solution Center helps trusted advisors with cases that are difficult to resolve.

Visit the HAMP Solution Center at HMPAdmin.com.

Administrative Website for Servicers
Home Affordable Modification Program
Administered by Fannie Mae

ABOUT REGISTRATION PROGRAMS NEWS RESOURCES CONTACT US

You are here: [Home](#) > [Resources](#) > [For Counselors](#) > [Counselor Escalation Process](#)

Counselor Escalation Process

If you believe a servicer is incorrectly interpreting HAMP guidelines, you may want to escalate your case to senior management at the servicer's organization.

Step 1: Escalate the Case to Senior Management at the Servicer Shop

First, work through your normal contacts and channels to resolve the issue, elevate your concern to a senior manager at the servicer's organization.

Here are examples of cases that represent valid reasons for escalation:

- Servicer refuses to stop a scheduled foreclosure when the borrower is being evaluated for HAMP.
- Servicer charges up-front fees for the modification process.
- Servicer instructs the borrower to miss a payment when the borrower is waiting for information that they are waiting for information that is causing the delay.
- Servicer instructs the borrower to intentionally misrepresent information.
- Servicer says they are not participating in HAMP when the borrower is eligible.
- Servicer says borrower doesn't qualify, but court documents show the borrower is eligible.

Step 2: Contact the Appropriate Escalation Team

If escalating to senior management does not resolve the issue, escalate the issue using the following contact table:

| INVESTORS | DETERMINE IF LOAN IS GSE-OWNED | CONTACT INFORMATION |
|-------------------|--|---|
| Fannie Mae Loans | www.FannieMae.com/LoanLookup | Phone: 1-800-7FANNIE resource_center@fanniemae.com |
| Freddie Mac Loans | www.FreddieMac.com/MyMortgage | Phone: 1-800-FREDDIE borrower_outreach@freddiemac.com |
| Non-GSE Loans | - | HAMP Solution Center Phone: 1-866-939-4469 Fax: 1-240-699-3883 escalations@hmpadmin.com |

Gather the necessary case information and borrower consent.

If you are seeking assistance for a specific borrower, you will be required to provide the escalation team with a written authorization from the borrower authorizing the escalation team and the servicer to share the borrower's personal financial information with you. The written borrower authorization must be received by the escalation team before status information can be shared with you. Additional instructions are available as needed from the escalation team.



Discussion/Questions

Thank You