

## Summary of Government Sponsored (Making Home Affordable) Loss Mitigation Programs (Initiated March 4, 2009)

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
<p><b>Federal Government</b></p> <p><b>The Obama Administration's Making Home Affordable Modification Program</b></p> <p>More details on website: <a href="http://www.financialstability.gov/">http://www.financialstability.gov/</a></p> <p>Date Released: 03/04/09</p> <p>Supplemental Directive 09-01 04/06/2009</p>	<p>Borrowers who are current on mortgage payment but facing financial hardship or imminent default.</p> <p>Borrowers at least 60 days delinquent.</p> <p>The home must be owner occupied, single family 1-4 unit property.</p> <p>The home must be a primary residence.</p> <p>The home may not be investor –owned.</p>	<p>First lien loans originated on or before January 1, 2009</p> <p>First lien loans must have an unpaid principal balance equal to or less than: 1 Unit:\$729,750 2 Units: \$934,200 3 Units: \$1,129,250 4 Units: \$1,403,400</p> <p>To reduce the borrower's overall indebtedness and improve loan performance,</p>	<p>Lender will have to first reduce payments on mortgage to no greater than 38% Front-End Debt-to-Income (DTI) ratio.</p> <p>The Department of Treasury will match further reductions in monthly payments dollar-for-dollar with the lender/investor, down to a 31% Front-End DTI ratio for the borrower.</p> <p>Borrowers who otherwise qualify for a modification under this program but who would have a post-modification Back-End DTI (the ratio of the borrower's total monthly debt payments to the borrower's</p>	<p>Servicer must consider a borrower for a refinance through the Hope for Homeowners program whenever feasible. But this should not delay consideration for HMP.</p> <p>Servicer must use Net Present Value (NPV) program to assess whether a modification is acceptable. If so, the modification must be offered. If not, the servicer may offer the modification. NPV program is available only to servicers.</p> <p>Reduce the interest rate to</p>	<p>Before servicer can proceed with foreclosure, borrower has to first be evaluated for the program and if found to be eligible an offer to participate in the program has to have been made.</p> <p>Reasonable efforts must be used, by the servicer, to contact borrowers that are facing foreclosure to determine their eligibility (this includes in-person</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
	<p>The home may not be vacant or condemned.</p> <p>Borrowers in bankruptcy are not automatically ineligible.</p> <p>Borrowers can be in active litigation regarding the loan (qualifying for a modification will not waive their legal rights).</p>	<p>additional incentives will be provided to extinguish junior liens on homes with first-lien loans that are modified under the program.</p> <p>Under the Second Lien Program (announced April 28, 2009), when a Home Affordable Modification is initiated on a first lien, servicers participating in the Second Lien Program will automatically reduce payment on the associated second lien.</p>	<p>Monthly Gross Income; see program guidelines) greater than or equal to 55%, will be provided with a letter stating that they will be required to work with HUD-approved counselors and the modification will not take effect until they provide a signed statement which indicates that they will obtain counseling.</p>	<p>reach the Front-End DTI target (subject to a floor of 2%). The note should be reduced in increments of 0.125%, and should bring the monthly payments as close as possible to the Front-end DTI target without going below 31%. This modified interest rate will remain in effect for five (5) years, followed by annual increase of 1% (100 basis points) per year or such lesser amount as may be needed until the interest rate reaches the Interest Rate Cap (the interest rate cap for the modified loan is the lesser of the fully indexed and fully amortization original contractual rate or the Freddie Mac Primary Mortgage Survey rate for 30-year fixed rate conforming mortgage loans), at which time it will be fixed for the remaining loan term.</p> <p>If the Front-End DTI Target has not been reached, extend</p>	<p>contact).</p> <p>No foreclosure sales should be conducted on loans previously referred to foreclosure or should new loans be referred to foreclosure either during the 30-day period that the borrower has to submit documents as evidence of their intent to accept the Trial Period Plan or during the Trial Period. Exceptions exist for borrowers in Georgia, Hawaii, Missouri, and Virginia.</p> <p>Loans can only be modified under this program once.</p> <p>There is a Trial Period of 90 days (three payments at modified terms). The</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
				<p>the term of the loan up to 40-years.</p> <p>If the Front-End DTI Target has not been reached, forbear principal.</p> <p>Servicer may forgive principal to achieve 31% DTI but are not required to do so.</p> <p>The Second Lien Program will reduce payment according to a pre-set protocol.</p> <p>Servicers will have the option to extinguish the second lien in return for a lump sum payment under a pre-set formula determined by the Department of Treasury, allowing servicers to target principal extinguishment to the borrowers where extinguishment is most appropriate.</p> <p>The borrower has to agree to set up an escrow account</p>	<p>borrower must be current at the end of the Trial Period to obtain a Home Affordable Modification.</p> <p>Unpaid late fees will be waived for the borrower. There is also no modification fees or charges borne by the borrower.</p> <p>The servicer will receive an incentive fee of \$1,000 following the trial period for each eligible modification. Servicer will also receive Pay for Success Fees – payable 12 months from the effective date of the Trial Period as long as the borrower continues the program – of up to \$1,000 each year</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
				<p>prior to the beginning of the trial period (if one does not already exist).</p> <p>Servicer will need to get verification of income from employment and other sources and that this property is the primary residence, credit report for each borrower is required. Servicer must consider other information about Monthly Gross Expenses.</p>	<p>for three years, subject to de minimis constraints. (defined below)</p> <p>One-time bonus incentive payments of \$1,500 to lender/investor and \$500 to servicers for modifications made while a borrower is still current on mortgage payment, following the trial period.</p> <p>Payment reduction cost share compensation is available to investors in Non-GSE Mortgages.</p> <p>Borrower will be eligible to accrue up to \$1,000 each year in Pay-for-Performance Success Payments for up to</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
					<p>five years, a total of up to \$5,000 over five years, subject to de minimis constraints.</p> <p>De Minimis Constraints means the modification must reduce the monthly payment by a minimum of 6%.</p> <p>When paid, servicer annual Pay for Success payments and borrower Pay for Performance Success Payments will be the lesser of \$1,000 or half the reduction in the borrower's annualized monthly payment.</p> <p><b><u>Special Home Price Decline Protection Incentive:</u></b> Making home affordable will make</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
					<p>payments totaling up to \$10 billion to encourage modification rather than foreclosure.</p> <p>Payments will be based on the total number of modified loans that successfully complete the modification trial period and remain in the program. Each successful modification will be eligible for the Home Price Decline Protection (HPDP) incentive.</p> <p>1/24<sup>th</sup> of the HPDP incentive will accrue to the lender/investor each month for up to twenty four (24) months provided the trial modification remains successful.</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
					HPDP will be calculated using a formula incorporating the decline in average local market home prices over recent quarters prior to the quarter in which the loan was modified and the average price of a home in each particular market.
<p><b>Federal Government</b></p> <p><b>The Obama Administration's Making Home Affordable Refinance Program</b></p> <p>Date Released: 03/04/09</p>	<p>Owner-occupied 1-4 unit home.</p> <p>Borrowers are current on their mortgage payment.</p> <p>Borrower has a stable income sufficient to support the new mortgage payment.</p> <p>The amount owed on the first mortgage is about the same or slightly less than the current value of the home.</p>	<p>The loan is owned or controlled by Fannie Mae or Freddie Mac.</p> <p>Eligible loans will include those where the first mortgage will not exceed 105% of the current market value of the property.</p> <p>Lenders that hold the second mortgage must agree to remain in a second position.</p>	<p>Borrowers whose mortgage interest rates are much higher than the current market rate should see an immediate reduction in their payments.</p> <p>Borrowers who are paying interest only, or who have a low introductory rate that will increase in the future may not see their current payment go down but could save a great deal over the life of the loan. Refinancing will not reduce the principal amount owed to the first mortgage holder or any other debt.</p>	<p>Replaces an adjustable rate mortgage, and initial interest mortgage or balloon/reset mortgage with a 15, 20, or 30 year fixed rate mortgage.</p> <p>Refinance mortgage cannot be used to pay off or reduce subordinate liens.</p> <p>Most borrowers refinancing an existing Fannie Mae loan will not be required to buy new or additional mortgage insurance if the loan at the time of the refinance is more than 80% of the home's value.</p>	<p>The refinancing process under both Fannie Mae and Freddie Mac begins April 2009 and ends June 2010.</p> <p>Under this refinancing program cash cannot be taken out to payoff other debts. Only transaction cost may be included in the refinanced amount.</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
	Borrowers with more than one mortgage will still qualify as long as the first mortgage does not exceed 105% of the property value.			Freddie Mac does not require mortgage insurance if the existing mortgage does not require mortgage insurance. Otherwise mortgage insurance coverage on the new loan must be the same as the one on the original mortgage.	
<p data-bbox="58 693 384 922"><b>Federal Government</b> <b>The Obama Administration's Making Home Affordable Short Sales/Deed-In-Lieu Program</b></p> <p data-bbox="58 1260 344 1284">Date Released: May 14, 2009</p>	<p data-bbox="415 693 674 1187"><b>Short Sale:</b> Borrowers will be eligible for this program if they meet the minimum eligibility criteria of the Home Affordable Modification (see page 1) but did not qualify for a modification or were unable to sustain payments under the trial period plan or modification.</p> <p data-bbox="415 1227 674 1325">Eligible borrowers will be accepted until December 31, 2012.</p>				<p data-bbox="1780 693 2039 987"><b>Short Sale:</b> Participating servicers must evaluate eligibility of borrower to determine if short sale is appropriate prior to proceeding to foreclosure.</p> <p data-bbox="1780 1027 2039 1256">Servicer may receive servicer incentive compensation of up to \$1,000 for successful completion of a short sale or Deed-In-Lieu.</p> <p data-bbox="1780 1297 1982 1357">Borrowers may receive incentive</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
	<p><b><u>Deed-In-Lieu (DIL):</u></b> The Short Sale should be pursued first.</p> <p>Short Sale Agreement may include a condition that the borrower agrees to deed the property to the servicer in exchange for a release from the debt if the property does not sell within the time specified.</p>				<p>compensation of up to \$1,500 to assist with relocation expenses.</p> <p>The Treasury Department will share the cost of paying Junior lien holders to release their claim by matching \$1 for every \$2 paid by investors, up to a \$1,000</p> <p>Standardized documentation will be published. This will include Short Sale Agreement and an Offer Acceptance Letter.</p> <p>Servicer will need to establish both property value and the minimum acceptable net return. Borrowers have 90</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
					<p>days to sell, possible extended up to one (1) year.</p> <p>Property must be listed with a licensed realtor.</p> <p>Foreclosure sale suspended during marketing period as long as borrower is acting in good faith.</p> <p>Borrowers pay no fees. Real Estate commission and selling cost deducted from sale price.</p> <p>Junior liens, mortgages or other debts against the property must be cleared in order for the property to be sold as a short sale or dedeed to the servicer.</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
					<p><b><u>Deed-In-Lieu (DIL):</u></b> Once property has been deeded to the servicer, borrower has 30 days to vacate the property and would be entitled to \$1,500 to assist with relocation.</p>
<p><b>Federal Government Freddie Mac</b></p> <p><b>The Obama Administration's Making Home Affordable Modification Program</b></p> <p>Date Released: May 26, 2009</p> <p>Contact Info: 800-FREDDIE</p>	<p><u>See Above</u></p> <p><b>Update:</b> Requires servicers to solicit borrowers who are 31 days or more delinquent on or after July 1, 2009, by no later than the 50<sup>th</sup> day of delinquency.</p>	<p><u>See Above:</u></p> <p><b>Additionally:</b> FHA, VA, RHS guaranteed mortgages, subject to the relevant agency guidelines.</p>			<p>When a borrower who is current or less than 31 days delinquent contacts the servicer concerning eligibility for the program, the servicer must first evaluate the borrower for a Freddie Mac Relief Refinance Mortgage. If Borrower is not eligible then the servicer must determine whether the borrower is in imminent default.</p> <p>For modifications closed on or after</p>

Program	Eligible Borrowers & Properties	Eligible Mortgage Loans	Reduction in Monthly Payment	Features Modified / Refinancing Stipulations	Other Comments
					<p>April 21, 2009, servicers must use the new Hardship Affidavit form that requires servicers to request Government Monitoring Data.</p> <p>Requirements related to the Government Monitoring Data include race, ethnicity and sex.</p> <p>Servicers are now required to use new EDR default action codes in order for servicers to provide information on Mortgages that are pursuing alternatives to foreclosures.</p> <p>Some of the new EDR codes are specific to HAMP (Home Affordable Modification Program).</p>

Last Updated: June 1, 2009