

*Supplemental Directive 16-03**May 2, 2016****Making Home Affordable Program – MHA Program Termination and Borrower Application Sunset II***

In February 2009, the Obama Administration introduced the Making Home Affordable (MHA) Program to stabilize the housing market and help struggling homeowners obtain relief and avoid foreclosure. In March 2009, the U.S. Department of the Treasury (Treasury) issued uniform guidance for loan modifications by participants in MHA across the mortgage industry and subsequently updated and expanded that guidance. On January 6, 2016, Treasury issued version 5.0 of the Making Home Affordable Program Handbook for Servicers of Non-GSE Mortgages (*Handbook*), a consolidated resource for guidance related to the MHA Program for mortgage loans that are not owned, securitized or guaranteed by Fannie Mae or Freddie Mac (Non-GSE Mortgages).

Section 709(b) of the Consolidated Appropriations Act, 2016, P.L. 114-113 (Act), signed into law on December 18, 2015, provides that the MHA Program will terminate on December 31, 2016, except with respect to certain loan modification applications made before such date. Following Treasury's publication of Supplemental Directive 16-02 (*MHA Program Termination and Borrower Application Sunset*) on March 3, 2016, this Supplemental Directive provides additional guidance to servicers regarding the termination of MHA for Non-GSE Mortgages, particularly with respect to consideration and/or evaluation of borrowers who request assistance, or to whom an offer of assistance has been extended, under the Home Affordable Modification Program<sup>SM</sup> (HAMP<sup>®</sup>), the Home Affordable Foreclosure Alternatives<sup>®</sup> Program (HAFA<sup>®</sup>), the Second Lien Modification Program<sup>SM</sup> (2MP<sup>SM</sup>), Treasury Federal Housing Administration HAMP (Treasury FHA-HAMP) and Rural Development HAMP (RD-HAMP) prior to December 31, 2016. In addition, this Supplemental Directive provides guidance with respect to the eligibility of certain GSE HAMP Loans to receive pay-for-performance incentives through the Troubled Asset Relief Program (TARP). Mapping of the *Handbook* incorporating the guidance provided herein, as well as that provided in Supplemental Directive 16-02, is included in this Supplemental Directive.

Servicers that are subject to the terms of a servicer participation agreement and related documents (SPA) must follow the guidance set forth in this Supplemental Directive. This Supplemental Directive amends and supersedes the relevant portions of the *Handbook* and, unless otherwise specified, is effective immediately.

This guidance does not apply to mortgage loans that are insured or guaranteed by the Department of Veterans Affairs, and except as noted herein, GSE Loans, or those insured or guaranteed by the Federal Housing Administration or by the Department of Agriculture's Rural Housing Service. Servicers should look to the GSEs' respective servicing guides, announcements and bulletins for other matters relating to GSE Loans, including eligibility for and/or termination of GSE HAMP.

This Supplemental Directive covers the following topics:

- Transfers of Eligible Loans to Non-SPA Servicers
- Compliance with Laws
- Borrower Escalations
- Single Point of Contact
- Federally Declared Disaster (FDD) Forbearance Plans
- HAMP
- HAFA
- 2MP
- Government Loans
- Reporting
- *Handbook* Mapping Clean-Up and Clarifications

### **Transfers of Eligible Loans to Non-SPA Servicers**

Section 1.4.1 of Chapter I of the *Handbook* specifies that when a participating servicer transfers or assigns mortgage loans, or servicing rights relating to mortgage loans, that constitute Eligible Loans pursuant to the SPA, the transferee servicer must assume the transferor's obligations under the SPA with respect to the transferred Eligible Loans. Section 1.4.1 further provides that, if a transferee servicer has not signed its own SPA (such non-participating servicers are referred to as Non-SPA servicers), it will be required to execute an assignment and assumption agreement (AAA), the form of which is attached as Exhibit D to the SPA. This Supplemental Directive amends such guidance by providing that for transfers or assignments with a transfer date on or after September 1, 2016, Non-SPA servicers are no longer required to execute a AAA for loans that, at the time of transfer or assignment, are not under consideration or in process under one or more of the MHA Programs or for which the transferor servicer is not performing services under the SPA, regardless of delinquency. Such loans are not considered Eligible Loans under any MHA Program, and Sections 1.4.1.1 and 1.4.1.2 are revised to reflect this guidance.

### **Compliance with Laws**

As described in Section 1.6 of Chapter I of the *Handbook*, servicers must fully comply with, among other things, all federal, state, and local laws. Where Supplemental Directive 16-02 or this Supplemental Directive removes or modifies any provision under the *Handbook*, servicers should refer to applicable law and their own policies and procedures as regards any requirements or guidance that may be applicable upon such removal or modification under the *Handbook*.

## **Borrower Escalations**

As described in Section 3 of Chapter I of the *Handbook*, specially trained personnel at MHA Help and the HAMP Solution Center (HSC) handle Escalated Cases (as defined in Section 3.2), evaluating the circumstances and status of a borrower's request for assistance under an MHA Program and working with the servicer to identify and resolve the case in a manner consistent with MHA program guidelines.

This Supplemental Directive provides that, effective December 1, 2017, MHA Help and HSC will no longer accept new cases nor escalate new cases to servicers. Any cases that have been escalated to servicers via MHA Help or HSC as of that date must be resolved in accordance with Section 3 of Chapter I by May 1, 2018. If there is a determination that the borrower was eligible for assistance under an MHA Program, but the servicer is unable to convert the borrower to a permanent modification, or complete a deed-in-lieu of foreclosure (DIL) or short sale, as applicable, by December 1, 2017, the servicer must consider such borrower for all other available loss mitigation options, and offer such borrower a comparable loss mitigation solution.

Effective December 1, 2017, Section 3 of Chapter I shall only apply with respect to cases accepted by MHA Help or HSC on or before such date or cases escalated to the servicer before May 1, 2018. Effective May 1, 2018, servicers will no longer be subject to Section 3 of Chapter I, but servicers are encouraged to continue the best practices established by MHA regarding resolution of a borrower's escalation or dispute.

## **Single Point of Contact**

Section 4 of Chapter I of the *Handbook* requires certain servicers in certain circumstances to assign a relationship manager to manage the borrower's relationship throughout the entire delinquency or imminent default resolution process. This Supplemental Directive clarifies that, in instances in which a relationship manager is no longer actively managing a borrower's account, and such borrower renews contact following a period of inactivity, a servicer may assign a new relationship manager in cases where the original manager is unavailable, provided such action is in accordance with the servicer's caseload management. This Supplemental Directive also amends Section 4 such that (i) after December 30, 2016, servicers are no longer required to assign relationship managers to borrowers and (ii) servicers should require that any relationship manager who is assigned to a borrower on or before December 30, 2016 must fulfill all obligations and duties described herein until the later of (a) resolution of all applicable escalations, and (b) December 1, 2017.

## **Federally Declared Disaster (FDD) Forbearance Plans**

Section 5.3 of Chapter I of the *Handbook* provides that certain HAMP and 2MP eligible borrowers who are not able to make monthly mortgage payments due to a FDD and request a forbearance as a result of an FDD should be offered a FDD forbearance plan for a minimum of three months. In addition, Section 5.3.1.2 requires servicers to provide written notice to borrowers in a HAMP trial period plan or 2MP trial period who accept an FDD forbearance plan that at the end of the forbearance period they may be required to submit updated documentation in order to be re-

evaluated and may not qualify for HAMP or 2MP, as applicable, at the time of reconsideration. This Supplemental Directive amends the current guidance such that, in order to receive forbearance as a result of an FDD, a borrower must request consideration on or before December 30, 2016 and the servicer must also offer the borrower an FDD forbearance plan on or before such date. This Supplemental Directive also amends the current guidance to require that the servicer provide verbal or written notification to such borrowers to indicate that HAMP and/or 2MP may no longer be available at the end of an FDD forbearance period that begins on or after September 1, 2016.

## **HAMP**

### ***Reasonable Efforts***

Supplemental Directive 16-02 provides that, effective September 1, 2016, servicers are no longer required to proactively solicit nor satisfy the Reasonable Effort standard with respect to any borrower who becomes eligible for HAMP after such date. Nonetheless, a borrower who submits an Initial Package on or before December 30, 2016 must be evaluated for HAMP, provided such borrower meets the eligibility criteria set forth in Section 1 of Chapter II. This Supplemental Directive expands this guidance to Section 2.2.1 of Chapter II of the *Handbook* such that, effective September 1, 2016, servicers are not required to satisfy the Reasonable Effort standard a second time or proactively solicit for HAMP if a borrower who has never had a trial period plan or permanent modification under HAMP, cures a delinquency and later misses two or more payments. However, if a borrower loses good standing on a HAMP Tier 1 permanent modification on or after September 1, 2016, a servicer must proactively solicit such borrower for all loss mitigation options.

### ***Borrower Notices***

Section 2.3 of Chapter II of the *Handbook* requires that a servicer who has had contact with a borrower in connection with HAMP but is not in receipt of the Initial Package by December 31, 2016 or has determined it will be unable to complete a permanent modification such that the Modification Effective Date is on or before September 30, 2017 must send a Borrower Notice informing the borrower that he or she cannot be considered for HAMP and provide information about other loss mitigation options. This Supplemental Directive eliminates the aforementioned notice requirement to a borrower with whom the servicer has had contact regarding HAMP but is not in receipt of Initial Package on or before December 30, 2016. However, a servicer must send such Borrower Notice if the servicer is in receipt of an Initial Package on or before December 30, 2016 but has determined that it will be unable to complete a permanent modification with a Modification Effective Date on or before December 1, 2017. This need not be a separate notice, and may be included with or incorporated into another notice sent to the borrower.

### ***Non-Approval Notices***

Section 2.3 of Chapter II of the *Handbook* requires a servicer using the NPV model after February 2011 to list the NPV Data Input Fields and Values used in the NPV evaluation on the Non-Approval Notice, regardless of whether a negative NPV result was the actual reason for the non-

approval of the borrower. Effective immediately, this Supplemental Directive amends the previous guidance to provide that, in instances where a negative NPV result was not the reason for the denial of the borrower, the Non-Approval Notice may, but is not required to, list the NPV Data Input Fields and Values used in the NPV evaluation. If the NPV Data Input Fields and Values are not listed in the Non-Approval Notice, the Non-Approval Notice must state that such information is available upon request.

### ***Streamline HAMP Offers***

Section 2.4.2 of Chapter II of the *Handbook* states that the Streamline HAMP Offer must include sufficient information to enable the borrower to submit an Initial Package if the borrower is potentially eligible for HAMP (Tier 1 or Tier 2), and must include a date, no less than 30 days from the date of the Streamline HAMP Offer, by which the borrower must return an Initial Package in order to be evaluated for such options. This Supplemental Directive amends the current guidance to provide that, effective September 1, 2016, servicers are no longer required to specify a date by which a borrower must submit an Initial Package. In addition, this Supplemental Directive provides that, with respect to the content of Streamline HAMP Offers, servicers may include information enabling a borrower to submit a Loss Mitigation Application rather than an Initial Package for all offers sent on or after such date.

### ***Suspension of Foreclosure***

Section 3.3 of Chapter II of the *Handbook* provides that, when a borrower submits a request for HAMP consideration after a foreclosure sale date has been scheduled and the request is received no later than midnight of the seventh business day prior to the foreclosure sale date (Deadline), the servicer must suspend the sale as necessary to evaluate the borrower for HAMP. This Supplemental Directive clarifies the current guidance to provide that such a request for HAMP consideration must be in the form of an Initial Package or, if a Loss Mitigation Application is submitted, must include those items included in an Initial Package (as defined in Section 4 of Chapter II). In addition, this Supplemental Directive provides that a servicer is not required to suspend a scheduled foreclosure sale in order to evaluate a borrower for HAMP if the borrower submits an Initial Package after December 30, 2016.

### ***Certification Prior to Foreclosure Sale***

Section 4.1 of Chapter I of the *Handbook* requires that if a foreclosure sale is scheduled, the servicer must, prior to completion of the written pre-foreclosure certification required under Section 3.4.3 of Chapter II, obtain from the relationship manager an affirmation via email or other writing that, to the best of the relationship manager's knowledge, all available loss mitigation alternatives have been exhausted and a non-foreclosure outcome could not be reached. This Supplemental Directive amends the guidance in these sections such that neither the written pre-foreclosure certification, nor the relationship manager affirmation, is required for foreclosure sales scheduled to take place after December 30, 2016, unless a relationship manager has already been assigned prior to such date.

### ***Post-Modification Counseling***

Section 6.7.1.2 of Chapter II of the *Handbook* states that servicers subject to the counseling requirement must identify the Risk of Default Borrowers in their portfolios on a monthly basis and such borrowers must be offered financial counseling as set forth in Section 6.7. This Supplemental Directive establishes that a servicer must continue to offer financial counseling to Risk of Default Borrowers who meet eligibility criteria until the later of (i) the sixth anniversary of the month in which the borrower's HAMP TPP Effective Date occurred and (ii) the final interest rate step-up (for a modification under HAMP Tier 1).

### ***NPV***

#### ***Borrower NPV Calculator***

Section 2.3.5 of Chapter II of the *Handbook* describes the Borrower NPV Calculator, accessible at CheckMyNPV.com, which allows borrowers to evaluate their potential eligibility for HAMP as well as enter the NPV input values used by the servicer and provided in the Non-Approval Notice to review the servicer's NPV evaluation. This Supplemental Directive provides that access to the Borrower NPV Calculator will cease on May 1, 2018.

#### ***Base NPV Model***

Section 7.1.1 of Chapter II of the *Handbook* states that servicers can access the MHA Base NPV Model (Base NPV Model) software tool on [www.HMPadmin.com](http://www.HMPadmin.com). This Supplemental Directive provides that such access will end on May 1, 2018.

Section 7.2 of Chapter II states that, from time to time, Treasury releases updates to the Base NPV Model and requires all servicers to use the most recent version. This Supplemental Directive specifies that the final update to the Base NPV Model will be released in March 2017, except that the PMMS rate will continue to be updated through September 30, 2017. Re-coded versions of the NPV model must remain compliant with any updates made to the Base NPV Model through such date.

#### ***Streamline HAMP NPV Tool***

Section 7.9 of Chapter II of the *Handbook* states that, from time to time, Treasury releases updates to the Streamline HAMP NPV Tool and requires that all servicers use the most recent version of the tool when evaluating all or part of their portfolio for Streamline HAMP. This Supplemental Directive specifies that the last update to the Streamline HAMP NPV Tool will be made available in January 2017.

### ***Consideration of Non-Borrowers***

Section 8.8 of Chapter II of the *Handbook* provides that non-borrowers who inherit or are awarded sole title to a property may be considered for HAMP if they meet all applicable eligibility criteria. This Supplemental Directive clarifies that such eligibility criteria would include submission by a non-borrower, on or before December 30, 2016, of an Initial Package (with respect to HAMP Tier 1 or Tier 2) or at least one component of a Loss Mitigation Application (with respect to Streamline HAMP Offers after December 30, 2016).

### **HAFAs**

#### ***Pre-Determined Hardship***

Section 3.3 of Chapter IV of the *Handbook* specifies that a borrower has a “Pre-Determined Hardship” if the borrower is delinquent on his or her mortgage by 90 days or more and has a FICO score below 620. This Supplemental Directive updates this guidance such that, effective immediately, a servicer is not required to obtain or assess the borrower’s FICO score, provided this exclusion of the FICO requirement is included in the servicer’s HAFAs Policy.

#### ***Borrowers in Bankruptcy***

Section 3.3 of Chapter IV of the *Handbook* requires that in the case of borrowers in active Chapter 7 or Chapter 13 bankruptcy, servicers must work with the borrower or borrower’s counsel to obtain any court and/or trustee approvals required in accordance with local court rules and procedures and extend HAFAs timeframes as necessary to accommodate delays. This Supplemental Directive supplements this guidance to require that, pursuant to any such extension, the short sale notice (SSN), offer of a DIL transaction or approval of an executed sales contract for a short sale must be sent on or before December 30, 2016, and the closing date for the transaction under HAFAs must be on or before December 1, 2017.

#### ***Consideration of Non-Borrowers Following Death and Divorce***

Section 3.4 of Chapter IV of the *Handbook* allows a non-borrower to request evaluation for HAFAs in certain circumstances. This Supplemental Directive requires such non-borrower to make such request on or before the date established in the servicer’s HAFAs Policy (which shall be no earlier than September 1, 2016).

#### ***Short Sale Notice***

Section 7.4 of Chapter IV of the *Handbook* requires that a servicer’s SSN must include a number of matters, including a fixed termination date not less than 120 calendar days from the effective date of the SSN and, in addition, Section 7.4 permits the term of an SSN to be extended at the discretion of the servicer up to a total of twelve months. This Supplemental Directive adds a requirement that the fixed termination date of an SSN and any extension of its term must be no later than December 1, 2017.

## **2MP**

### ***Program Cut-off Date for 2MP offers based on GSE Standard Modifications***

Supplemental Directive 16-02 amended the eligibility for 2MP based on GSE Standard Modifications by requiring that in order for a 2MP modification or extinguishment to be based on a match with a GSE Standard Modification, the servicer must have offered the borrower the 2MP trial period plan, a 2MP permanent modification or a 2MP partial or full extinguishment of the second lien on or before December 30, 2016. This Supplemental Directive adds an additional requirement for such an offer, namely, that the related GSE Standard Modification has a permanent modification date on or before December 1, 2016.

### ***Black Knight Matching Process***

Section 4 of Chapter V of the *Handbook* (as amended by Supplemental Directive 16-02) requires 2MP servicers to make 2MP offers on or before December 30, 2016 to eligible second lien borrowers whose first liens are reported as permanently modified under a GSE Standard Modification. This Supplemental Directive supplements this guidance by providing that the Black Knight Financial Technology Solutions, LLC (Black Knight) match process will cease to include GSE Standard Modifications reported after September 30, 2016 for purposes of new second lien matches. Additionally, after March 31, 2017, the Black Knight match process will only include HAMP, GSE HAMP and GSE Standard Modifications that were previously matched successfully to a second lien.

Section 4 of Chapter V of the *Handbook* (as amended by Supplemental Directive 16-02) also requires 2MP servicers to make 2MP offers to eligible second lien borrowers whose first liens are reported as having been permanently modified under HAMP in a match file issued by Black Knight on or before March 31, 2017. In addition, Section 4.1.1 of Chapter V requires a 2MP servicer to provide certain categories of information on all eligible second lien loans that it services to Black Knight for matching. This Supplemental Directive supplements this guidance by adding that after March 31, 2017, 2MP servicers may discontinue providing Black Knight with this information, insofar as it relates to unmatched second lien loans, but should continue to provide such information through December 2017 relating to matched second lien loans which have been identified in a Black Knight match file issued on or before that date. Black Knight will issue the last match file in December 2017.

### ***Dismissal of Foreclosure Actions***

Section 4 of Chapter V of the *Handbook* requires a 2MP servicer to dismiss any outstanding foreclosure action on the borrower's second lien if the borrower's corresponding first lien is permanently modified under HAMP or a qualifying GSE Standard Modification. This Supplemental Directive provides that, after March 31, 2017, servicers are no longer required to dismiss any outstanding foreclosure action on the borrower's second lien, except where the



corresponding first lien has been reported as permanently modified in a Black Knight match file issued on or before such date.

### ***Enhanced Matching Capabilities***

Section 4.1.2 of Chapter V of the *Handbook* allows 2MP servicers to offer and report a 2MP modification when the servicer identifies the match, even if the match is not reflected in the Black Knight system, provided the servicer either possesses sufficient documentation that the borrower is entitled to the 2MP modification being offered or, where the 2MP servicer does not service the first lien, the 2MP servicer is relying on certain documents and verification obtained from the first lien servicer. This Supplemental Directive adds a requirement that, where the first lien modification is under HAMP, such documentation must include evidence that the borrower submitted on or before December 30, 2016 either the Initial Package (as defined in Section 4 of Chapter II) under HAMP Tier 1 and Tier 2, or the loan modification application under GSE HAMP, as applicable.

Section 4.1.2 provides that in instances where the Black Knight database may not identify a match between a first lien modification and the corresponding eligible second lien, the 2MP servicer may direct Black Knight to match a second lien because the 2MP servicer obtains sufficient documentation of the modification from, among other things, the probable lien matches that Black Knight provided. Servicers should be aware that Black Knight will not be able to make these matches, nor will they continue to provide probable matches through the Black Knight process, after March 31, 2017. Further, for the sake of clarity, servicers should note that a “probable match” in a Black Knight file received by servicer on or before March 31, 2017 will not be considered as successfully matched to a second lien.

### ***2MP Offers Following Remodification of First Liens***

Section 4.2 of Chapter V of the *Handbook* specifies that if a modified first lien loses good standing prior to the 2MP modification becoming effective, the second lien is not eligible for 2MP but if the same first lien loan is subsequently modified under HAMP Tier 2 or the GSE Standard Modification, as applicable, the servicer is required to offer a 2MP that corresponds to the terms of the subsequent modification. This Supplemental Directive adds a requirement that any such offer is subject to the eligibility criteria for 2MP set forth in Section 3.1, as amended by Supplemental Directive 16-02.

### ***Timing of 2MP Offers***

Section 4.2.1 of Chapter V of the *Handbook* directs 2MP servicers to work with the borrower or borrower’s counsel where the borrower is in bankruptcy and that servicers should extend time frames as may be necessary to obtain any court and/or trustee approvals. This Supplemental Directive clarifies that servicers may extend timeframes so long as the 2MP modification effective date or extinguishment is on or before December 1, 2017.

In addition, Section 4.2.1 of Chapter V requires a 2MP servicer to offer 2MP no later than 60 calendar days from “The Date of First Match” in the match file provided by Black Knight for the related GSE Standard Modification. This Supplemental Directive amends such guidance to provide that a 2MP servicer must offer 2MP on or before the earlier of (a) 60 calendar days from “The Date of First Match” in the file for the related GSE Standard Modification and (b) December 30, 2016, provided that, in the 60 calendar days preceding December 30, 2016, a 2MP servicer is not required to offer 2MP based on a GSE Standard Modification if in its good business judgment there is insufficient time to do so on or before such date.

### ***Reinstatement of 2MP following Remodification***

Section 5.5 of Chapter V of the *Handbook* states that a 2MP modification that is no longer receiving incentives because the borrower lost good standing on a HAMP modification may be reinstated if the first mortgage lien is subsequently modified under HAMP Tier 2 or the GSE Standard Modification, as applicable. This Supplemental Directive amends this guidance to require that in order for a 2MP modification to be reinstated based on a subsequent GSE Standard Modification, the permanent modification date of the GSE Standard Modification must be on or before December 1, 2016.

### **Government Loans**

Section 3.2 of Chapter VI of the *Handbook* prohibits the payment of incentives on RD-HAMP modifications if the modified monthly mortgage payment does not achieve the target monthly mortgage payment ratio of 31 percent. Effective September 1, 2015, RHS updated its guidance concerning the target monthly income ratio for Special Loan Servicing. Accordingly, this Supplemental Directive updates Section 3.2 to specify that no incentives will be paid on RD-HAMP modifications if the modified monthly mortgage payment does not achieve a target monthly mortgage payment ratio of not less than 31 percent with a maximum ratio of 36 percent.

### **Reporting**

Under HAMP, HAFA, 2MP, Treasury FHA-HAMP and RD-HAMP, borrowers, servicers and investors are eligible to receive incentive compensation for permanent modifications, partial extinguishments, full extinguishments, short sales and DILs that are reported in the HAMP Reporting Tool in accordance with the *Handbook*. This Supplemental Directive requires that all such transactions be reported in the HAMP Reporting Tool before May 1, 2018 following the April 2018 reporting cycle. This Supplemental Directive further requires that incentives will only be paid under the SPA or GSE Amended SPA (as defined in Section 1.1 of Chapter I) with regard to permanent modifications (including those paid with respect to GSE Loans permanently modified under HAMP), partial extinguishments, full extinguishments, short sales and DILs reported before such date. In the event that any such permanent modification, partial or full extinguishment, short sale or DIL is completed by December 1, 2017 but not reported before May 1, 2018 (1) no incentives will be paid under the SPA or GSE Amended SPA and (ii) in the case of non-GSE loans,

the servicer must nonetheless honor all terms associated with the transaction, including payment of incentives to the respective borrower, servicer or investor.

### ***Credit Bureau Reporting***

Section 12.2 of Chapter II, Section 6.2 of Chapter III, Section 11.2 of Chapter IV and Section 10.I of Chapter V of the *Handbook* require servicers to report a “full file” status report to the credit reporting agencies for each loan under the respective programs, in accordance with the Fair Credit Reporting Act and other applicable laws and credit bureau requirements provided by the Consumer Data Industry Association (CDIA). In addition, Sections 12.2.1 to 12.2.3 of Chapter II, Section 11.2 of Chapter IV and Sections 10.1.1 to 10.1.3 of Chapter V of the *Handbook* include certain detailed reporting requirements contained in CDIA guidelines. This Supplemental Directive simplifies these sections of the Handbook by removing the detailed reporting requirements contained in the CDIA guidelines. Notwithstanding such removal, servicers are still required to comply with such detailed reporting requirements, as they may be modified by CDIA from time to time.

### ***Handbook Mapping Clean-up and Clarifications***

The mapping attached hereto as Exhibit A includes the following clean-up and clarification items to the *Handbook*:

- Section 11.8 of Chapter II of the *Handbook* requires servicers to provide summary-level data to the Program Administrator on several aspects of HAMP that are not captured in the HAMP Reporting Tool. Some servicers also provide data at loan level and summary level and, consequently, this Supplemental Directive adds a reference to “loan-level” after the reference to “summary-level” in such Section.
- Section 6.1.1 of Chapter IV of the *Handbook* states that the servicer is not required to conduct any further validation of hardship if a borrower meets the Pre-Determined Hardship criteria described in Section 4.1. This Supplemental Directive corrects this section reference to Section 3.3 of Chapter IV.
- Section 6.2.5 of Chapter IV of the *Handbook* requires that in the case of a rental property occupied by a tenant or other non-borrower occupant, the HAFA relocation assistance must be paid to the tenant or other non-borrower occupant and reflected on the HUD-1. This Supplemental Directive adds references to the Closing Disclosure after the reference to the HUD-1 in the first paragraph.

**EXHIBIT A**  
**MHA HANDBOOK MAPPING**

**CONFORMING HANDBOOK SECTIONS**

The following guidance amends and supersedes the notated portions of the *Handbook*. Changed or new text is indicated in italics. Text that has been lined out has been deleted.

**A. Section 1.4.1 of Chapter I is amended to insert the following as a new paragraph after the second paragraph:**

*For transfers or assignments with a transfer date on or after September 1, 2016, transferee servicers who have not signed their own SPA (such non-participating servicers are referred to as Non-SPA servicers) are no longer required to execute a AAA for loans that, at the time of transfer or assignment, are not under consideration or in process under one or more of the MHA Programs or for which the transferor servicer is not performing services under the SPA, regardless of delinquency. Such loans are not considered Eligible Loans under any MHA Program.*

**B. Section 1.4.1.1 of Chapter I is amended to insert the following paragraph at the end of the Section:**

*For transfers or assignments with a transfer date on or after September 1, 2016, if at the time of transfer or assignment to a Non-SPA servicer, the loan is not under consideration or in process under HAMP or for which the transferor servicer is not performing services under the SPA, the loan is not an Eligible Loan.*

**C. The last paragraph of Section 1.4.1.2 is amended as follows:**

2MP Eligible Loans do not include probable lien matches where the transferor servicer has not confirmed the probable lien match with Black Knight. With respect to conditions (ii), (iii), and (iv) above, if subsequent to this action: (a) the transferor servicer determines that the borrower does not meet the eligibility criteria for 2MP; (b) the borrower is offered a 2MP trial period, but fails to return the Dodd-Frank Certification prior to the trial period effective date as set forth in Section 1.7, or to make current trial period payments as set forth in Section 6.2 of Chapter V; or (c) the borrower fails to accept the 2MP modification offer as set forth in Section 7.1 of Chapter V, the loan will no longer be considered an Eligible Loan. *With respect to conditions (iii) and (iv) above, for transfers or assignments with a transfer date on or after September 1, 2016, if at the time of transfer or assignment to a Non-SPA servicer, the loan is not under consideration or in process under 2MP or for which the transferor servicer is not performing services under the SPA, the loan*

*is not an Eligible Loan.* Additionally, if in resolution of an Escalated Case related to 2MP, in accordance with Section 3.3, the servicer determines that the loan is not eligible for 2MP, the loan will no longer be considered an Eligible Loan.

**D. The following sentence is inserted at the end of Section 1.6 of Chapter I:**

*For the sake of clarity, where a provision under the Handbook is removed or modified with effect from a date or in particular circumstances, servicers should refer to applicable law and their own policies and procedures as regards any requirements or guidance that may be applicable upon such removal or modification under the Handbook.*

**E. The following bullets are inserted after the first bullet in Section 2.2.2 of Chapter I:**

- *The date on or before which the borrower must submit a request for UP in accordance with Section 2.1 of Chapter III;*
- *The date on and after which a servicer may consider borrowers for a proprietary forbearance plan in lieu of UP in accordance with Section 2.1 of Chapter III;*

**F. The first bullet in Section 2.2.3 of Chapter I is amended by adding a sub-bullet at the end as follows:**

- Written policies and procedures relating to HAFA, including:
  - Determining eligibility for the program including determining fair market value, recommended list price, approved sale proceeds and approved minimum net proceeds, as applicable;
  - Establishing guidelines for allowable payoffs to junior lien holders;
  - Determining when a monthly mortgage payment will be required during a short sale;
  - Determining, if applicable, when a borrower will be considered for a deed-for-lease or an opportunity to repurchase the property at some future time; ~~and~~
  - Determining if and when a borrower that was determined to be ineligible for HAFA prior to February 1, 2011 will be re-evaluated; ~~and-~~
  - *The date or dates on or before which the borrower must submit a request for HAFA in accordance with Section 2 of Chapter IV.*

**G. The last bullet of Section 2.2.4 of Chapter I is amended as follows:**

- Notification from the Black Knight match file that a first lien lost good standing under HAMP Tier 1 and subsequently received a permanent modification under HAMP Tier 2 or a GSE Standard Modification, as applicable.

**H. The following paragraphs are inserted at the end of Section 3.1 of Chapter I:**

*Effective December 1, 2017, MHA Help and HSC will no longer accept new cases nor escalate new cases to servicers. Any cases that have been escalated to servicers via MHA Help or HSC as of that date must be resolved in accordance with this Section 3 by May 1, 2018. If there is a determination that the borrower was eligible for assistance under an MHA Program, but the servicer is unable to convert the borrower to a permanent modification, or complete a deed-in-lieu of foreclosure (DIL) or a short sale, as applicable, by December 1, 2017, the servicer must consider such borrower for all other available loss mitigation options, and offer such borrower a comparable loss mitigation solution.*

*Effective December 1, 2017, this Section 3 shall only apply with respect to cases accepted by MHA Help or HSC on or before such date or cases escalated to the servicer before May 1, 2018. Effective May 1, 2018, servicers will no longer be subject to this Section 3, but servicers are encouraged to continue the best practices established by MHA regarding resolution of a borrower's escalation or dispute.*

**I. The last paragraph of Section 4 of Chapter I is amended as follows:**

In the event that it is necessary to change the relationship manager (e.g., relationship manager no longer employed, work responsibilities change, on extended leave) before loss mitigation options have been exhausted, the servicer must provide written notification of the changed contact information to the borrower within five business days of assignment of the new relationship manager. Servicers are not required to provide such written notification within five business days of the assignment of a new relationship manager to borrowers for whom loss mitigation options have been exhausted as long as the relationship manager is no longer actively engaged in managing the borrower. However, servicers must provide the borrower written notification of any such assignment of a new relationship manager upon renewed oral or written contact from the borrower and determination by the servicer of the borrower's potential eligibility for a loss mitigation solution. In addition, any borrower who accepts an offer of a Streamline HAMP TPP (as described in Section 2.4.2 of Chapter II) must be assigned a relationship manager promptly following acceptance of the TPP, if he or she did not have an assigned relationship manager at that time. If the borrower was previously assigned a relationship manager, the servicer should, to the extent possible, ensure that the borrower's original relationship manager is maintained. *In instances in which a relationship manager is no longer actively managing a borrower's account, and such borrower renews contact following a period of inactivity, a servicer may assign a new relationship manager in cases where the original manager is unavailable, provided such action is in accordance with the servicer's caseload management.*

*Effective December 31, 2016, servicers are no longer required to assign relationship managers to borrowers. Nonetheless, any relationship manager who is assigned to a borrower on or before December 30, 2016 must fulfill all obligations and duties described herein until the later of (i) resolution of all applicable escalations, and (ii) December 1, 2017.*

**J. The following sentence is added to the end of the third paragraph in Section 4.1 of Chapter I:**

If a foreclosure sale is scheduled, the servicer must, prior to completion of the written pre-foreclosure certification required under Section 3.4.3 of Chapter II, obtain from the relationship manager affirmation via email or other writing that, to the best of the relationship manager’s knowledge, all available loss mitigation alternatives have been exhausted and a non-foreclosure outcome could not be reached. *For foreclosure sales scheduled to take place after December 30, 2016, the relationship manager affirmation is not required, unless a relationship manager has already been assigned prior to such date, in which event such affirmation will continue to be required until the later of (i) resolution of all applicable escalations and (ii) December 1, 2017.*

**K. The last paragraph of Section 5.3 of Chapter I is amended as follows:**

*In order to receive forbearance as a result of an FDD, a borrower must request consideration on or before December 30, 2016 and the servicer must also offer the borrower an FDD forbearance plan on or before such date. In addition, the servicer must provide verbal or written notification to borrowers to indicate that HAMP and/or 2MP may no longer be available at the end of an FDD forbearance period that begins on or after September 1, 2016. Servicers should follow their standard practices with respect to the evaluation of borrowers and documentation of FDD forbearance plans.*

**L. The seventh row of the table in Section 1.1.1 of Chapter II is amended as follows:**

<p>Program cut-off date</p>	<p>The borrower has submitted an Initial Package (as defined in Section 4) on or before December <del>31</del><sup>30</sup>, 2016 and the Modification Effective Date is on or before <del>September 30</del><sup>December 1</sup>, 2017.</p> <p>With respect to Streamline HAMP, the borrower is not required to submit an Initial Package, however the Modification Effective Date of the loan must be on or before <del>September 30</del><sup>December 1</sup>, 2017. <i>Notwithstanding the foregoing, to be considered for a Streamline HAMP Offer after December 30, 2016, the borrower must have submitted at least one component of a Loss Mitigation Application (as defined in Section 4) on or before December 30, 2016 for which the servicer has not sent a Non-Approval Notice (as described in Section 2.3.2) and the Modification Effective Date of the loan must be on or before December 1, 2017.</i></p> <p><i>Evidence of borrower submission must be provided by postmark or other independent indicator such as date and time stamp (electronic or otherwise).</i></p>
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**M. The following paragraph is inserted after the fourth paragraph of Section 2.2 of Chapter II:**

*Effective September 1, 2016, servicers are no longer required to proactively solicit with respect to any borrower who becomes eligible for HAMP after such date. Nonetheless, a borrower who submits an Initial Package on or before December 30, 2016 must be evaluated for HAMP, provided that such borrower meets all applicable eligibility criteria set forth in Section 1.*

**N. The following paragraph is inserted after the fifth paragraph of Section 2.2 of Chapter II:**

*Effective September 1, 2016, servicers are no longer required to include references specific to MHA or MHA related programs, pay for performance incentives, or MHA logos or branding, in written solicitation materials sent to borrowers. However, servicers must retain references to the HOPE™ Hotline number and, if requested by a borrower, provide the RMA (or other proprietary financial information form substantially similar in content to the RMA and, if not included, a Hardship Affidavit and Dodd-Frank Certification).*

**O. The following paragraph is inserted after the eighth paragraph of Section 2.2 of Chapter II:**

*With respect to borrowers who default on a HAMP Tier 1 trial period plan on or after December 31, 2016, servicers may, but are not required to, automatically evaluate such borrowers for HAMP Tier 2 within 30 calendar days of the default and prior to sending a Non-Approval Notice, unless the servicer has reason to believe that the income documentation or property valuation used to decision the borrower for HAMP Tier 1 is no longer accurate. If the servicer has reason to believe that such information is no longer accurate, the servicer may not evaluate the borrower for HAMP Tier 2 and must note such reason in the mortgage file and or servicing system.*

**P. The first two paragraphs of Section 2.2.1 of Chapter II are amended as follows:**

A servicer is deemed to have made a “Reasonable Effort” to solicit a borrower if over a period of at least 30 calendar days:

- The servicer made a minimum of four telephone calls to the last known phone numbers of record, at different times of the day; and
- The servicer sent two written notices to the last address of record by sending one letter via certified/express mail or via overnight delivery service (such as Federal Express or UPS) with return receipt/delivery confirmation and one letter via regular mail.

*Effective September 1, 2016, servicers are no longer required to satisfy the Reasonable Effort standard with respect to any borrower who becomes eligible for HAMP after such date. Nonetheless, a borrower who submits an Initial Package on or before December 30, 2016 must be*



*evaluated for HAMP, provided that such borrower meets all applicable eligibility criteria set forth in Section 1.*

When a borrower who has never had a TPP or permanent modification cures a delinquency but later re-defaults by missing two or more payments, this is considered a new delinquency and the servicer must re-screen the borrower for HAMP eligibility and satisfy the Reasonable Effort requirement again *if such re-default occurs before September 1, 2016*. In addition, when a borrower has lost good standing under a HAMP Tier 1 permanent modification, the servicer must proactively solicit the borrower for HAMP Tier 2 and satisfy the Reasonable Effort requirement; *provided, however, on or after September 1, 2016, a servicer must instead solicit such borrower for all loss mitigation options*. The Reasonable Effort requirement may be waived for borrowers who exhibit a pattern of repetitive delinquency and reinstatement if the servicer has established a written policy to identify such borrowers and applies that policy consistently for all similarly situated borrowers. Evidence of such pattern must be documented in the mortgage file and/or servicing system.

**Q. The fourth paragraph of Section 2.2.2 of Chapter II is amended as follows:**

If Right Party Contact is established but the borrower does not submit any documents in response to the Initial Package communication, the servicer must resend the Initial Package communication. In lieu of resending such communication, a servicer may instead send a written notice to the borrower which references the Initial Package communication and provides instructions for obtaining a replacement set of Initial Package documentation, if necessary. In all cases, the servicer must include a specific date by which the Initial Package should be returned, which must be no less than 15 calendar days from the date of such notice or second Initial Package communication. If the borrower does not respond by providing any component of an Initial Package within the required time period set forth in the second communication, the servicer may determine the borrower to be currently ineligible for HAMP. *Notwithstanding the foregoing, effective September 1, 2016, servicers may, but are not required, to send a second Initial Package communication (or written notice in lieu thereof) to a borrower with whom Right Party Contact is established but who does not submit any documents in response to the Initial Package communication.*

**R. The third paragraph in section 2.3 of Chapter II is amended as follows:**

When a servicer has had contact with a borrower in connection with HAMP but is not in receipt of the Initial Package ~~by on or before December 30, 2016 or has determined it will be unable to complete a permanent modification such that the Modification Effective Date is on or before September 30, 2017~~, the servicer ~~must send~~ *is not required to send* a Borrower Notice informing the borrower that he or she cannot be considered for HAMP ~~and provide information about other loss mitigation options~~. *However, a servicer must send such Borrower Notice, providing information about other loss mitigation options, if the servicer is in receipt of an Initial Package on or before December 30, 2016 but has determined that it will be unable to complete a permanent modification such that the Modification Effective Date is on or before December 1, 2017. This need not be a separate notice, and may be included with or incorporated into another notice sent to the borrower.*

**S. The fifth paragraph in Section 2.3.2 of Chapter II is amended as follows:**

In addition, ~~effective February 1, 2011~~ if the servicer has performed an NPV evaluation using the NPV model, ~~regardless of whether~~ and a negative NPV result was *not* the actual reason for the non-approval of the borrower, the Non-Approval Notice ~~must~~ *may, but is not required to*, list the NPV Data Input Fields and Values used in the NPV evaluation ~~as listed in Exhibit A. The NPV Data Input Fields and Values must, however, be listed in the Non-Approval Notice if a negative NPV result was the actual reason for the non-approval of the borrower. For all other Non-Approval Notices, if the servicer has performed an NPV evaluation using the NPV model and such Fields and Values are not included in the Notice, such Notice must state that the NPV Data Input Fields and Values are available upon request.~~ The purpose of providing this information is to allow a borrower who is ineligible because the transaction is NPV negative the opportunity to correct values that may impact the analysis of the borrower's eligibility. ~~Because the NPV Data Input Fields and Values must be disclosed to a borrower declined for HAMP whenever an NPV evaluation is performed, regardless of whether a negative NPV result was the reason for non-approval,~~ servicers are encouraged to assess all other borrower eligibility criteria before performing an NPV evaluation. ~~in order to reduce instances in which NPV Data Input Fields and Values must be disclosed when a negative NPV result is not the reason for non-approval. In fact,~~ if NPV Data Input Fields and Values are included in a Non-Approval Notice but the reason for the non-approval was not a negative NPV result, the Non-Approval Notice must include a statement that the borrower is not entitled to dispute the NPV Data Input Fields and Values.

**T. Section 2.3.5 of Chapter II is amended to insert the following as the last paragraph:**

*Access to the Borrower NPV Calculator will cease on May 1, 2018.*

**U. The second paragraph of Section 2.4.2 is amended as follows:**

The Streamline HAMP Offer must include sufficient information to enable the borrower to submit an Initial Package if the borrower is potentially eligible for HAMP (Tier 1 or Tier 2), and must include a date by which the borrower must return an Initial Package in order to be evaluated for such options. This date must be no less than 30 days from the date of the Streamline HAMP Offer, and prior to the date the servicer will send the borrower the Streamline HAMP Documents for the borrower's signature. *Effective September 1, 2016, however, servicers are no longer required to specify a date in the Streamline HAMP Offer by which a borrower must submit an Initial Package. In addition, servicers may include information enabling a borrower to submit a Loss Mitigation Application rather than an Initial Package for all offers sent on or after such date.*

**V. Section 2.4.2 of Chapter II is further amended to insert the following after the fifth paragraph:**

*Servicers may also extend Streamline HAMP Offers to borrowers who default on a HAMP Tier 1 or HAMP Tier 2 trial period plan on or after December 31, 2016, provided that the servicer's decision to offer Streamline HAMP to such borrowers is specified in the servicer's Streamline HAMP Policy (as described in Section 2.4.1) and that the permanent modification has a Modification Effective Date on or before December 1, 2017.*

**W. The first paragraph of Section 3.3 of Chapter II is amended as follows:**

When a borrower submits a request (*which, for purposes of Sections 3.2 and 3.3, means an Initial Package or, if a Loss Mitigation Application is submitted, those items included in an Initial Package (as defined in Section 4)*) for HAMP consideration after a foreclosure sale date has been scheduled and the request is received no later than midnight of the seventh business day prior to the foreclosure sale date (Deadline), the servicer must suspend the sale as necessary to evaluate the borrower for HAMP. Servicers are not required to suspend a foreclosure sale when: (1) a request for HAMP consideration is received after the Deadline; (2) a borrower received a permanent modification and lost good standing (as described in Section 9.4); (3) a borrower received a TPP offer and failed to make one or more payments under the TPP by the last day of the month in which it was due; ~~or~~ (4) a borrower was evaluated based upon an Initial Package and determined to be ineligible under HAMP requirements; *or (5) a borrower submits a request after December 30, 2016.*

**X. Section 3.4.3 of Chapter II is amended as follows:**

Servicers must develop and implement written procedures applicable to all loans that are potentially eligible for HAMP (and are subject to Section 2.2) that require the servicer to provide to the foreclosure attorney/trustee a written certification that (i) one of the circumstances under Section 3.1 exists, and (ii) all other available loss mitigation alternatives have been exhausted and a non-foreclosure outcome could not be reached. This certification must be provided no sooner than seven business days prior to the scheduled foreclosure sale date (the Deadline) or any extension thereof. In addition, if the servicer is subject to Section 4 of Chapter I, the servicer must consult the relationship manager and obtain affirmation via email or other writing that, to the best of the relationship manager's knowledge, all available loss mitigation alternatives have been exhausted and a non-foreclosure outcome could not be reached. *For foreclosure sales scheduled to take place after December 30, 2016, neither the written pre-foreclosure certification described in Section 4.1 of Chapter I, nor the relationship manager affirmation, are required, unless a relationship manager has already been assigned prior to such date, in which event such certification and affirmation will continue to be required until the later of (i) resolution of all applicable escalations and (ii) December 1, 2017.*

**Y. Section 4.6.2 of Chapter II is amended as follows:**

A borrower who has been determined to be eligible for Streamline HAMP who submits an Initial Package must be evaluated by the servicer based on the timing of the submission of the Initial Package relative to the Streamline HAMP Offer in accordance with the guidance below. *On and after December 31, 2016, however, servicers may, but are not required to, consider a borrower for HAMP Tier 1 and Tier 2 who submits an Initial Package on or before December 30, 2016 and has either (i) already accepted a Streamline HAMP Offer, or (ii) is in receipt of a Streamline HAMP Offer that has not yet been accepted and for which the acceptance period has not yet expired.*

**Z. The second paragraph of Section 6.7.1.2 of Chapter II is amended as follows:**

Commencing on March 1, 2014 and each month thereafter, each servicer must identify the Risk of Default Borrowers in its portfolio and each Risk of Default Borrower must be offered financial counseling as set forth in Section 6.7 *until the later of (i) the sixth anniversary of the month in which the borrower's HAMP TPP Effective Date occurred and (ii) the final interest rate step-up (for a modification under HAMP Tier 1)*. Servicers also must offer the financial counseling described above to any borrower whose mortgage loan is in a HAMP permanent modification in good standing who contacts the servicer with concerns about their ability to make the modified mortgage payment.

**AA. Section 7.1.1 of Chapter II is amended to insert the following as the last paragraph:**

*Access to the Base NPV Model will end on May 1, 2018.*

**BB. Section 7.2 of Chapter II is amended as follows:**

From time to time Treasury releases updates to the Base NPV Model. All servicers are required to use the most recent version and loans being evaluated for HAMP for the first time will be tested using the latest available Base NPV Model version. Loans subject to a re-evaluation must be tested using the same NPV version and inputs used for the initial NPV test in accordance with Section 7.6.1 and 7.7. *The final update to the Base NPV Model will be released in March 2017, except that the PMMS rate will continue to be updated through September 30, 2017. Re-coded versions of the NPV model must remain compliant with any updates made to the Base NPV Model through such date.*

**CC. The last paragraph of Section 7.9 of Chapter II is amended as follows:**

From time to time, Treasury will release updates to the Streamline HAMP NPV Tool, *the last of which will be made available in January 2017*. All servicers are required to use the most recent version of the Streamline HAMP NPV Tool when evaluating all or part of their portfolio for Streamline HAMP.

**DD. The first paragraph of Section 8 of Chapter II is amended as follows:**

Following underwriting, NPV evaluation and a determination, based on verified income, that a borrower qualifies for HAMP Tier 1 or HAMP Tier 2, or following a determination that a borrower meets eligibility criteria under Streamline HAMP, servicers will place the borrower in a TPP. *Servicers should design their policies and procedures to reasonably ensure that borrowers placed in TPPs can be converted to permanent modifications on or before December 1, 2017.*

**EE. Section 8.8 of Chapter II is amended as follows:**

Non-borrowers who inherit or are awarded sole title to a property may be considered for HAMP even if the borrower who previously owned the property was not already in a TPP. Such titleholders may be considered for HAMP if they meet all applicable eligibility criteria, *including submission, on or before December 30, 2016, of an Initial Package (with respect to HAMP Tier 1*

or Tier 2) or at least one component of a Loss Mitigation Application (with respect to Streamline HAMP Offers after December 30, 2016). In this case, servicers should collect an Initial Package from the non-borrower who now owns the property and evaluate the request as if he or she was the borrower. The servicer should process the assumption and loan modification contemporaneously if the titleholder is eligible for HAMP and investor guidelines and applicable law permit an assumption of the loan. In connection with this assumption and loan modification, servicers are reminded that they must comply with disclosure obligations under applicable law, including, without limitation, the Truth in Lending Act.

**FF. The second paragraph of Section 11.2 of Chapter II is amended as follows:**

Servicers are required to input loan set up attributes no later than the fourth business day of the month in which the modification is effective. For example, if a modification is effective as of September 1st, the servicer must enter loan set up attributes in the HAMP Reporting Tool no later than the fourth business day of September. Modifications reported outside of this specified timeframe will be accepted. However, late reporting may adversely impact monthly cumulative modification totals *and all permanent modifications must be reported in the HAMP Reporting Tool before May 1, 2018 following the April 2018 reporting cycle, after which date late reporting will no longer be accepted.*

The HAMP Reporting Tool validates that permanent modification terms are consistent with program requirements and uses the data to calculate the borrower, servicer and investor incentives. The set up file will reflect the status of the loan after the final trial period payment is applied. The set up file will contain data for the current reporting period, including the prior month balances.

**GG. The first sentence of Section 11.8 of Chapter II is amended as follows:**

Select servicers are required to provide summary *and/or loan* level data to the Program Administrator on several aspects of HAMP that are not captured in the HAMP Reporting Tool, including, but not limited to, borrower eligibility, mortgage modification requests, debt-to-income evaluations, forecasts and current disposition of homeowners who did not receive or defaulted on a HAMP modification.

**HH. Section 12.2 of Chapter II is amended as follows:**

Servicers should report a “full file” status report to the credit reporting agencies for each loan under HAMP in accordance with the Fair Credit Reporting Act as well as other applicable laws and credit bureau requirements as provided by the Consumer Data Industry Association (CDIA) *from time to time*. “Full-file” reporting means that the servicer must describe the exact status of each mortgage it is servicing as of the last business day of each month.

**II. Section 12.2.2 is amended as follows:**

Following modification of a loan under HAMP, servicers should use Special Comment Code ‘CN’ (Loan modified under a federal government plan) to identify loans being paid under a modified

payment agreement *and should follow the applicable detailed as described in the guidance below as provided by CDIA from time to time.*

~~Servicers should continue to report one trade line under the original Account Number.~~

~~Date Opened = the date the account was originally opened~~

~~Original Loan Amount = the original amount of the loan, including the Balloon Payment Amount, if applicable.~~

~~Terms Duration = the modified terms~~

~~Scheduled Monthly Payment Amount = the new amount as per the modified agreement~~

~~Current Balance = the principal balance (including the Balloon Payment Amount, if applicable), plus the interest and escrow due during the current reporting period~~

~~Account Status Code = the appropriate code based on the new terms of the loan~~

~~Special Comment Code = CN~~

~~K4 Segment = used to report the Balloon Payment information, if applicable~~

~~Specialized Payment Indicator = 01 (Balloon Payment)~~

~~Payment Due Date = the date the balloon payment is due, which is equal to maturity of the amortizing portion of the loan. Note: The payoff date can be used in this field~~

~~Payment Amount = the Balloon Payment Amount in whole dollars only~~

Servicers should ensure that all borrowers who receive a permanent modification are reported using the 'CN' Special Comment Code and not the 'AC' Special Comment Code. If the Modification Effective Date has passed, the servicer is not required to make corrections to prior months if the AC code was previously reported. Special Comment Code AC is not "sticky", meaning that it does not persist on the credit file.

**JJ. The first paragraph of Section 13 of Chapter II is amended as follows:**

Borrowers, servicers and investors are eligible for incentive compensation under HAMP. *Incentive compensation will only be paid under the SPA with respect to permanent modifications that have been reported in the HAMP Reporting Tool before May 1, 2018 following the April 2018 reporting cycle. If such modification is completed by December 1, 2017 but not reported before May 1, 2018, (i) no incentives will be paid under the SPA and (ii) in the case of non-GSE loans, the servicer must honor all terms associated with the modification, including payment of incentives to the respective borrower, servicer or investor.*

**KK. The first paragraph of Section 13.2.4 of Chapter II shall be amended as follows:**

Borrowers with GSE Loans that have been permanently modified under GSE HAMP are also eligible to earn the \$5,000 pay for performance incentive with respect to the Sixth Anniversary Date, provided that the following requirements are met:

- (i) as of the Sixth Anniversary Date, the loan is in good standing (as defined in Section 9.4) and has not been paid in full;
- (ii) the servicer has obtained an executed Dodd-Frank Certification, as required by Section 1.7 of Chapter I on or before the later of (a) the Sixth Anniversary Date, or (b) January 1, 2016; ~~and~~
- (iii) the servicer of record in the HAMP Reporting Tool at the time of payment is subject to a GSE Amended SPA;
- (iv) *the borrower has submitted a loan modification application with respect to a loan modification under GSE HAMP on or before December 30, 2016; and*
- (v) *the permanent modification under GSE HAMP is completed by December 1, 2017 and reported in the HAMP Reporting Tool before May 1, 2018.*

**LL. The first paragraph of Section 2.1 of Chapter III is amended as follows:**

A borrower or co-borrower who is unemployed and requests assistance under HAMP must be evaluated for and, if qualified, must receive an offer for an UP forbearance plan. *Beginning on May 1, 2016 (or such later date as the servicer may specify) a servicer may consider a borrower for a proprietary forbearance plan in lieu of an UP forbearance plan and shall document its decision to do so and the date from which it will offer such a plan in its policy relating to UP.* Servicers may evaluate unemployed borrowers for HAMP and can offer a HAMP TPP instead of an UP *or proprietary* forbearance plan if, in the servicer's business judgment, HAMP is the better loss mitigation option for the borrower. The servicer must document in the servicing system and/or mortgage file why the option selected was considered to be the best option for the borrower. If an unemployed borrower evaluated for HAMP is not offered a TPP, the servicer must consider the borrower for UP *or a proprietary forbearance plan, as applicable.*

**MM. The seventh row in the table in Section 2.1 of Chapter III is amended as follows:**

Program cut-off date	The borrower has submitted a request (phone, mail, fax or e-mail) for UP on or before <i>a date determined by the servicer and specified in servicer's policy relating to UP (which shall be no earlier than May 1, 2016) (UP Request Deadline Date)</i> <del>December 31, 2016</del> . In addition the servicer must have offered the borrower the forbearance plan under UP on or before December 30, 2016. Written evidence of the borrower's request must be documented by postmark or other independent indicator, such as a date and time stamp (electronic or otherwise), evidencing submission by the <i>applicable UP Request Deadline</i> <del>program cut-off</del> Date.
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**NN. The first four bullets of Section 3.1 of Chapter III are amended as follows:**

- After a borrower makes a request for ~~UP~~ consideration *under UP or a proprietary forbearance plan in lieu of UP, as applicable* and while the borrower is being evaluated for ~~UP~~ such forbearance;
- After the servicer mails the Forbearance Plan Notice (FPN) as described in Section 4.3 *or the forbearance plan notice under a proprietary forbearance plan in lieu of UP, as applicable*;
- During the initial UP forbearance plan *or initial proprietary plan in lieu of UP, as applicable*, or any extension thereof;
- Following the UP forbearance plan *or proprietary forbearance plan in lieu of UP, as applicable*, while the borrower is being evaluated for or participating in HAMP or HAFA; or

**OO. The first two paragraphs of Section 4.1 of Chapter III are amended as follows:**

A request for UP consideration may be made by phone, mail, fax or e-mail. Servicers must document the date of the UP request in the mortgage file and/or servicing system. Evidence of borrower submission must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower on or before ~~December 31, 2016~~ *the applicable UP Request Deadline Date*. Once the borrower requests consideration for UP, the servicer must send the borrower a written notice within 5 business days confirming the receipt of the request and providing a list of the required documentation, including unemployment benefit information. The due date for the required documentation may not be less than 15 calendar days from the date of the servicer communication. The servicer must indicate in the mortgage file and/or servicing system when it determines all required documentation has been received.

After receiving the borrower's required documentation, the servicer must determine the borrower's eligibility for UP within 30 calendar days, including the determination that the borrower has met the hardship requirement in Section 2.1. The servicer must mail an FPN or, to the extent permitted



by CFPB Regulations, a Non-Approval Notice to the borrower within 10 business days following the date of the servicer’s determination *and, in the case of an FPN, no later than December 30, 2016.*

**PP. The fifth bullet of Section 4.3 of Chapter III is amended as follows:**

- Brief explanation regarding what will occur when the borrower is re-employed or when the forbearance plan expires, *including, in any FPN sent on or after May 1, 2016, notification of the loss mitigation solutions that may be available on termination of the forbearance plan, provided the servicer may provide the borrower with verbal notification of such solutions in lieu of written notice;*

**QQ. The last paragraph of Section 5.2 of Chapter III is amended as follows:**

While servicers must consider borrowers for ~~UP~~-eligibility *under UP or proprietary plan in lieu thereof, as applicable*, through the December 31, 2016 program cut-off date, borrowers in UP or in a proprietary forbearance plan who do not meet the HAMP, 2MP or HAFA program cut-off dates described in the respective Chapters II, IV and V of this Handbook will not be eligible for those programs *(except for borrowers who have submitted on or before December 30, 2016 either an Initial Package (in the case of HAMP Tier 1 or HAMP Tier 2) or at least one component of a Loss Mitigation Application (in the case of Streamline HAMP), and, upon re-employment or the expiration of the UP-applicable forbearance period, such borrowers must be considered for other available loss mitigation options.*

**RR. The seventh row in the table in Section 2 of Chapter IV is amended as follows:**

Program cut-off dates	<p>The borrower has submitted a request, <i>where applicable, (by phone, mail, fax or e-mail) for consideration for a short sale or deed in lieu (DIL) or, before pre-approval of a HAFA short sale, written request for approval of an executed sales contract, in each case on or before by the applicable HAFA Request Deadline Date (as defined in Section 3.1). <del>December 31, 2016 and</del> In addition, the servicer must have sent to the borrower on or before December 30, 2016;</i></p> <ul style="list-style-type: none"> <li>• <i>the short sale notice containing the pre-approval of a HAFA short sale of DIL of foreclosure;</i></li> <li>• <i>the offer of a DIL of foreclosure; or</i></li> <li>• <i>the approval of an executed sales contract for a short sale.</i></li> </ul> <p><del>the transaction closing date is on or before September 30, 2017. The transaction closing date must be on or before December 1, 2017. Written evidence of the request must be documented by postmark or other independent indicator, such as a date and time stamp (electronic or otherwise), evidencing submission by the program cut-off date applicable HAFA Request Deadline Date.</del></p>
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**SS. Section 3.1 of Chapter IV is amended as follows:**

Each participating servicer must develop a written policy, consistent with investor guidelines, that describes the basis on which the servicer will offer HAFA to borrowers (HAFA Policy). A servicer's HAFA Policy must: (i) identify the circumstances under which the servicer will require monthly mortgage payments and how that payment will be determined, in accordance with applicable laws, rules and regulations; (ii) describe the basis on which the minimum acceptable net proceeds will be determined; (iii) describe how subordinate lien holders will be paid, whether by percentage of the UPB of their loan or some other determination; (iv) specify the aggregate cap with regard to the amount of gross sale proceeds paid to subordinate mortgage lien holders, if servicer has elected to establish a cap; (v) describe if and when the servicer will require income documentation; (vi) if servicer has a program with an option for deed-for-lease or an opportunity for the borrower to repurchase the property at some future time, describe such program and conditions; (vii) describe if and when a borrower that was determined to be ineligible for HAFA prior to February 1, 2011 will be re-evaluated; (viii) identify the procedures the servicer will follow to periodically re-evaluate property value and to reconcile discrepancies between the servicer's independent assessment of value and market value data provided by a borrower or the borrower's real estate broker; (ix) if relocation assistance will be requested in accordance with Sections 6.2.5 and 12.1, identify the evidentiary materials that the servicer will accept to validate that the property is occupied by the borrower, or in the case of a rental property (as defined in Section 1.1.3 of Chapter II), a tenant or other non-borrower occupant who will be required to vacate as a condition of the HAFA transaction; ~~and~~ (x) *identify the date(s) by which a borrower must submit a request (where a request is applicable) to be considered for HAFA (which shall be no earlier than September 1, 2016) (HAFA Request Deadline Date); and (xi) may incorporate such factors as:*

- The severity of the loss involved;
- Local market conditions,
- The timing of pending foreclosure actions;
- Borrower motivation and cooperation;
- Customary transactional costs of short sales and DILs; and
- The amounts that may be required to release any subordinate liens on the property.

The date and outcome of the HAFA consideration must be documented in the servicer's file.

*Each participating servicer should design its HAFA Policy and procedures to reasonably ensure that short sales and DIL transactions can be closed on or before December 1, 2017.*

**TT. The third, fourth, fifth and sixth paragraphs of Section 3.3 of Chapter IV are amended as follows:**

For a borrower that requests (whether in response to a servicer's solicitation under the first paragraph of Section 4 or initiated by the borrower) a short sale or DIL but has not previously executed a Hardship Affidavit or RMA and has a "Pre-Determined Hardship" (i.e., is delinquent on his or her mortgage by 90 days or more and, *unless otherwise excluded in the servicer's HAFA Policy*, has a FICO score below 620), the servicer must within 30 calendar days of receiving the

request consider the borrower for HAFA and provide written (i) approval for HAFA, and the terms of a pre-approved HAFA short sale or DIL (ii) if the borrower is not eligible for a HAFA pre-approved short sale or DIL, notification of other short sale or DIL options the borrower may be eligible for, if any, or (iii) non-approval of any short sale or DIL. If a borrower is approved for a HAFA short sale or DIL, a Hardship Affidavit must be delivered to the borrower with instructions that it must be executed prior to and as a condition of the closing of the HAFA short sale or DIL transaction. If the servicer is unable to respond within the 30-calendar day period, the servicer must send a written status notice to the borrower on or before the 30th calendar day, with written updates every 15 calendar days thereafter, until the servicer is able to provide either an SSN or DIL Agreement, as applicable, or written notification that the borrower is eligible for a proprietary short sale or deed in lieu (if the borrower is not eligible under HAFA) or will not be offered a short sale or DIL under HAFA.

If a borrower that requests (whether in response to a servicer's solicitation under the first paragraph of Section 4 or initiated by the borrower) a short sale or DIL and has not previously executed a Hardship Affidavit, and does not satisfy the Pre-Determined Hardship parameters, the servicer must acknowledge the request and respond to the borrower's request as set forth in Section 4.1.

In all cases, evidence of a borrower's request must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower by *the applicable HAFA Request Deadline Date* ~~December 31, 2016~~.

Borrowers in active Chapter 7 or Chapter 13 bankruptcy cases must be considered for HAFA if the borrower, borrower's counsel or bankruptcy trustee submits a request to the servicer *by the applicable HAFA Request Deadline Date*. With the borrower's permission, a bankruptcy trustee may contact the servicer to request a short sale or DIL under HAFA. Servicers are not required to solicit these borrowers proactively for HAFA. The servicer and its counsel must work with the borrower or borrower's counsel to obtain any court and/or trustee approvals required in accordance with local court rules and procedures. Servicers should extend HAFA timeframes as necessary to accommodate delays in obtaining court approvals or receiving any periodic payment when they are made to a trustee *provided that the servicer may not extend the time for sending a short sale notice, offer of a DIL of foreclosure transaction or approval of an executed sales contract for a short sale beyond December 30, 2016, nor may the servicer extend the time for closing of a transaction under HAFA beyond December 1, 2017.*

**UU. The first and second paragraphs of Section 4 of Chapter IV are amended as follows:**

If the servicer determines that a borrower is eligible for a HAFA offer based on its HAFA Policy and the guidance provided in this Chapter, and the borrower did not initiate the request for a short sale or DIL, the servicer must proactively notify the borrower in writing of the availability of HAFA and allow the borrower 14 calendar days from the date of the notification to contact the servicer by verbal or written communication and request consideration under HAFA. *Servicers have no further obligation to solicit a borrower for HAFA (a) If the borrower fails to contact the servicer or at any time indicates that he or she is not interested in HAFA, or (b) who becomes eligible for HAFA on or after September 1, 2016. the servicer has no further obligation to solicit the borrower for HAFA.*

When a borrower, who was not previously evaluated for HAMP, requests a short sale or DIL by *the applicable HAFA Request Deadline Date*, the servicer must evaluate the borrower for HAFA based on its HAFA Policy and the guidance provided in this Chapter. If, as part of this evaluation, the servicer determines that the borrower also meets the HAMP eligibility requirements, the servicer must notify the borrower verbally or in writing of the availability of HAMP and allow the borrower 14 calendar days from the date of the notification to contact the servicer by verbal or written communication and request consideration for HAMP. This notification may be given simultaneously with the servicer's consideration of the borrower for HAFA. If the borrower does not wish to be considered for HAMP, the servicer is not required to send the borrower a Non-Approval Notice under Section 2.3.2 of Chapter II. The foregoing 14 calendar-day response period is only intended to establish a minimum requirement on a servicer's obligation to consider a borrower for HAFA. Servicers may still consider a borrower for HAFA whether or not that borrower responds to the HAFA solicitation within the 14 calendar-day response period.

**VV. The first sentence of Section 4.1 of Chapter IV is amended as follows:**

If a borrower requests (whether in response to a servicer's solicitation under the first paragraph of Section 4 or initiated by the borrower) a short sale or DIL by *the applicable HAFA Request Deadline Date* and has not previously executed a Hardship Affidavit, and does not satisfy the Pre-Determined Hardship parameters, the servicer must, within 5 business days following receipt of either a request for a short sale or DIL or a request for approval of an executed short sales contract before the servicer has pre-approved a HAFA short sale, send written confirmation to the borrower acknowledging the request.

**WW. The second bullet of section 6.1.1 of Chapter IV is amended as follows:**

- Conduct any further validation of hardship if a borrower meets the Pre-Determined Hardship criteria described in Section 4.13.3;

**XX. The first paragraph of section 6.2.5 of Chapter IV is amended as follows:**

A borrower who occupies the property as a principal residence and is required to vacate as a condition of the HAFA short sale or DIL may be eligible to receive \$10,000 in relocation assistance at closing. In addition, a borrower requesting a HAFA short sale or DIL with respect to a rental property (as defined in Section 1.1.3 of Chapter II) may be able to claim relocation assistance for a tenant that occupies the rental property as a principal residence, or the borrower's legal dependent, parent or grandparent that occupies the rental property as a principal residence with no rent charged or collected, if such parties are required to vacate as a condition of the HAFA short sale or DIL. In the case of a rental property occupied by a tenant or other non-borrower occupant, the entire \$10,000 in HAFA relocation assistance must be paid to the tenant or other non-borrower occupant (assuming the conditions of such payment are satisfied), must be reflected on the HUD-1 or *Closing Disclosure*, and may not be reduced to pay any costs and expenses of the tenant or other non-borrower occupant. No portion of the \$10,000 may be retained by a borrower. A borrower may exercise his or her discretion in allocating the incentive among tenants or other non-

borrower occupants who otherwise satisfy the conditions of payment. Servicers must notify borrowers of the availability of relocation assistance.

**YY. The first bullet of Section 7.4 of Chapter IV is amended as follows:**

- A fixed termination date not less than 120 calendar days from the effective date of the SSN (SSN Effective Date) *and not later than December 1, 2017*. The SSN Effective Date must be stated in the SSN and is the date the SSN is mailed (or otherwise delivered) to the borrower. The term may be extended at the discretion of the servicer up to a total term of 12 months if agreed to by the borrower, in accordance with investor guidelines, *provided that the term shall expire no later than December 1, 2017*.

**ZZ. The first two paragraphs of Section 8 of Chapter IV are amended as follows:**

If the borrower has an executed sales contract and requests the servicer to approve a short sale under HAFAs before the issuance of an SSN, the borrower may submit the request to the servicer by delivering the executed sales contract *by the applicable HAFAs Request Deadline Date*. Within 5 business days of receipt of an executed sales contract, the servicer must send to the borrower written acknowledgement of the receipt of the borrower's request for approval of an executed sales contract using the Acknowledgement of Request for Short Sale (ARSS) in the form posted on [www.HMPAdmin.com](http://www.HMPAdmin.com) or another written acknowledgement similar in content. The acknowledgement must identify any additional documentation that may be required from the borrower to make the short sale decision and inform the borrower of all applicable short sale terms set forth in Section 7.4. For borrowers who have not submitted a Hardship Affidavit or, if applicable, RMA, the servicer must also include the forms thereof (or otherwise make them available to the borrower through electronic means).

When considering a borrower's request for approval of an executed sales contract, the servicer must determine the borrower's eligibility as set forth in Section 6.1.1. If the borrower appears to be eligible for HAMP, the servicer must notify the borrower of the availability of HAMP as set forth in Section 4. Evidence of the borrower's request must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower *by the applicable HAFAs Request Deadline Date* ~~December 31, 2016~~.

**AAA. The fourth bullet of section 9.2 of Chapter IV is amended as follows:**

- An agreement that upon successful closing of the DIL transaction, a borrower, tenant or other non-borrower occupant who will be required to vacate the property as a result of the DIL will be entitled to a relocation assistance of \$10,000 subject to the requirements of Section 6.2.5 *and the closing date is on or before December 1, 2017*.

**BBB. The last paragraph of Section 11.1 of Chapter IV is amended as follows:**

Each milestone is a separate data transmission and must be reported no later than the fourth business day of the month following the event *and all closings of a short sale or acceptance of a*

*DIL must be reported before May 1, 2018.* Note also that servicers must provide the additional data set forth in the HAMP Additional Data Requirements Data Dictionary for all HAFA transactions. Detailed HAFA reporting requirements are available on [www.HMPAdmin.com](http://www.HMPAdmin.com).

**CCC. Section 11.2 of Chapter IV is amended as follows:**

The servicer should continue to report a “full file” status to the major credit repositories for each loan under the HAFA program in accordance with the Fair Credit Reporting Act *as well as other applicable laws* and ~~the CDIA’s Metro 2 Format~~ credit bureau requirements *as provided by the CDIA from time to time*. ~~“Full file” reporting means that the servicer must describe the exact status of each mortgage it is servicing as of the last business day of each month. The Payment Rating code should be the code that properly identifies whether the account is current or past due within the activity period being reported—prior to completion of the HAFA transaction. Because CDIA’s Metro 2 format does not provide an Account Status Code allowable value for a short sale, a short sale should be identified with the reporting of Special Comment Code “AU”. The information below is consistent with “CDIA Mortgage and Home Equity Reporting Guidelines in Response to Current Financial Conditions” (May 2009).~~

Reporting for short sales should be as follows:

~~Account Status Code = 13 (paid or closed/zero balance) or 65 (Account paid in full/a foreclosure was started), as applicable~~

~~Payment Rating = 0, 1, 2, 3, 4, 5, or 6~~

~~Special Comment Code = AU (account paid in full for less than the full balance)~~

~~Current Balance = \$0~~

~~Amount Past Due = \$0~~

~~Date Closed = MMDDYYYY~~

~~Date of Last Payment = MMDDYYYY~~

Reporting for DILs should be as follows:

~~Account Status Code = 89 (deed in lieu of foreclosure on a defaulted loan)~~

~~Payment Rating = 0, 1, 2, 3, 4, 5, or 6~~

~~Current Balance = \$0~~

~~Amount Past Due = \$0~~

~~Date Closed = MMDDYYYY~~

~~Date of Last Payment = MMDDYYYY~~

**DDD. Section 12 of Chapter IV is amended as follows:**

Borrowers, servicers and investors, and in some cases, tenants and other non-borrower occupants, will be eligible for HAFA incentives as described below upon successful completion of the short sale or DIL *which has been reported in the HAMP Reporting Tool before May 1, 2018 following the April 2018 reporting cycle. In the event that such short sale or DIL is completed by December 1, 2017 but is not reported before May 1, 2018, (i) no incentives will be paid under the SPA and (ii) the servicer must nonetheless honor all terms associated with the transaction, including payment of incentives to the respective borrower, servicer or investor.*

**EEE. The first sentence of Section 1 of Chapter V is amended as follows:**

This Chapter provides guidance on the Second Lien Modification Program (2MP), which is designed to work in tandem with HAMP ~~(Tier 1 or Tier 2)~~ *(which term for the purposes of 2MP means HAMP Tier 1 and Tier 2 and HAMP GSE modifications).*

**FFF. The second row of the table in Section 3.1 of Chapter V is amended as follows:**

First lien modified under HAMP <del>Tier 1</del> , HAMP <del>Tier 2</del> , or GSE Standard Modification	<p>The mortgage loan is a second lien mortgage loan with a corresponding first lien mortgage loan that has received a permanent HAMP <del>(Tier 1 or Tier 2)</del> modification, or a GSE Standard Modification that satisfies the HAMP eligibility criteria in Section 1, the third paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.4 of Chapter II, and is in good standing.</p> <p>If the 2MP Servicer’s DTI Range under HAMP (as provided in Section 6.1 of Chapter II) is narrower than the Expanded Acceptable DTI Range, the servicer may restrict 2MP eligibility to second lien mortgage loans with a corresponding first lien mortgage loan modified within the Servicer’s DTI Range, or a broader range not to exceed the Expanded Acceptable DTI Range; provided that the restricted range not be narrower than the Servicer’s DTI Range. If a 2MP servicer restricts 2MP eligibility in this manner, the servicer must apply this restriction consistently to all 2MP borrowers and document such restrictions in its written policies.</p> <p>This guidance does not apply to loans modified under Streamline HAMP or the GSE Streamlined Modification process.</p>
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**GGG. The fifth row of the table in Section 3.1 of Chapter V is amended as follows:**

<p><del>Program—cut-off date</del> Program cut-off dates</p>	<p><b><i>For 2MP modifications or extinguishments based on HAMP modifications:</i></b></p> <p><i>(a) The servicer must have received notification of a match with a permanent first lien modification under HAMP; and</i></p> <p><i>(b) The borrower submitted on or before December 30, 2016 either the Initial Package (as defined in Section 4 of Chapter II) under HAMP Tier 1 and Tier 2, or the loan modification application under GSE HAMP, as may be applicable, in respect of such permanent first lien modification.</i></p> <p><b><i>For 2MP modifications or extinguishments based on GSE Standard Modifications:</i></b></p> <p><i>(a) The servicer must have received notification of a match with a permanent first lien modification under a GSE Standard Modification that satisfies the HAMP eligibility criteria in Section 1, the second paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.4 of Chapter II;</i></p> <p><i>(b) The GSE Standard Modification has a permanent modification date on or before December 1, 2016; and</i></p> <p><i>(c) The servicer must have offered the borrower the 2MP trial period plan, a 2MP permanent modification or a 2MP partial or full extinguishment of the second lien corresponding to such GSE Standard Modification on or before December 30, 2016.</i></p> <p><b><i>For all 2MP modifications and extinguishments:</i></b></p> <p><i>2MP servicers may reasonably conclude that when a first lien appears on a Black Knight match file as permanently modified, it satisfies required eligibility criteria.</i></p> <p><del><i>The 2MP Modification Effective Date and the date for any partial or full extinguishment of the second lien under 2MP must be on or before December 1, 2017. The servicer must receive notification of a match with a permanent first lien modification under HAMP, or a GSE Standard Modification that satisfies the HAMP eligibility criteria in Section 1, the second paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.4 of Chapter II and the 2MP Modification Effective Date is on or before September 30, 2017. Servicers may reasonably conclude that when a first lien appears on the Black Knight match file as permanently modified it satisfies such eligibility criteria.</i></del></p>
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**HHH. The first paragraph of Section 4 of Chapter V is amended as follows:**

When a borrower's first lien is modified under HAMP (~~Tier 1 or Tier 2~~) or a qualifying GSE Standard Modification *and is reported in a match file issued by Black Knight Financial Technology Solutions, LLC (Black Knight) on or before March 31, 2017 (in the case of HAMP) or on or before September 30, 2016 (in the case of a GSE Standard Modification) as having been permanently modified*, the 2MP servicer must offer to modify or extinguish the corresponding second lien according to the steps outlined in Section 5. *Servicers may, but are not required to, offer to modify or extinguish the corresponding second lien when a borrower's first lien is reported in a match file issued by Black Knight after March 31, 2017 as having been permanently modified under HAMP.* In addition, if the borrower's first lien is modified under HAMP or a qualifying GSE Standard Modification, the 2MP servicer must dismiss any outstanding foreclosure action on the borrower's second lien, *provided that this requirement will cease to apply after March 31, 2017, except where the corresponding first lien has been reported as permanently modified in a match file issued by Black Knight on or before such date.*

**III. The first five paragraphs of Section 4.1.1 of Chapter V are amended as follows:**

To facilitate the communication of modification information to 2MP servicers, Black Knight ~~Financial Technology Solution, LLC (Black Knight)~~ has built and is maintaining a database of second liens that may be eligible under 2MP. Information from the database will be used to match first and second liens and to notify 2MP servicers of the modification status and details necessary for the 2MP servicer to offer a 2MP modification to the borrower. Black Knight will provide matching information to 2MP servicers via a secure transmission. 2MP servicers must enter into a contract directly with Black Knight to facilitate this program and will be required to pay a one-time set up fee and nominal transaction fees for each second lien matched, regardless of whether a 2MP modification is completed. *Black Knight will issue the last match file in December 2017.*

As part of its contract with Black Knight, a 2MP servicer will agree to provide the following categories of information on all eligible second liens loans that it services to Black Knight for matching:

- Loan Identifying Information
- Borrower/Co-Borrower Identifying Data
- Property Identifying Data
- 2MP Servicer Contact Information

*After March 31, 2017, servicers may discontinue providing Black Knight with the above information insofar as it relates to unmatched second lien loans but should continue to provide through December 2017 information relating to loans in respect of which matches have been identified in a Black Knight match file issued on or before that date.*

If the 2MP servicer identifies matching first and second liens on its own system, it should work with Black Knight so that the required loan information is accurately reflected in the Black Knight database. In addition, the 2MP servicer must provide monthly updates of this information to Black

Knight *until March 31, 2017*. The information provided to Black Knight will be used for matching first and second liens to facilitate 2MP modifications and for program analysis and reporting.

The Black Knight match file will also include qualifying first liens that have been modified under the GSE Standard Modification. The Black Knight match file will indicate whether the matched first lien is a HAMP Modification, HAMP GSE Modification, or a GSE Standard Modification. First lien loans in TPPs or permanent modifications under Streamline HAMP *or the GSE Streamlined Modification process* are not eligible for a matching second lien mortgage modification under 2MP. Accordingly, ~~Streamline HAMP~~ such modifications will not be included in the Black Knight match file.

Servicers of GSE loans are not required to provide data on GSE Standard Modifications directly to Black Knight, Treasury, or the Program Administrator. Such data will be provided by the GSEs. 2MP servicers can reasonably conclude that when a first lien modified under the GSE Standard Modification appears on the Black Knight match file, it satisfies the eligibility criteria *in section 3.1 of this Chapter and* in Section 1, the second paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.4 of Chapter II; except that servicers must obtain a completed Occupancy Certification from all borrowers whose qualifying first lien was modified under the GSE Standard Modification requirement, regardless of whether the borrower occupies the property as their principal residence or it is a rental property. A standalone Occupancy Certification that servicers can use for this purpose is posted on [www.HMPAdmin.com](http://www.HMPAdmin.com). As 2MP servicers are also required to obtain a completed Dodd-Frank Certification when the first lien is modified under GSE HAMP or the GSE Standard Modification requirements, a combined certification form is also provided on [www.HMPAdmin.com](http://www.HMPAdmin.com).

**JJJ. The first three paragraphs of Section 4.1.2 of Chapter V are amended as follows:**

In some cases, information in the Black Knight database may not identify a match between a first lien modification and corresponding eligible second lien, but the 2MP servicer may have sufficient information to identify a match. A 2MP servicer may direct Black Knight to match a second lien to a modified first lien where the 2MP servicer is confident that the first and second lien should be matched because the 2MP servicer obtains sufficient documentation of the modification from (1) the probable lien matches that Black Knight provided or (2) sources independent of Black Knight (e.g., the 2MP servicer itself, if the 2MP servicer services both the first and second liens, reliable borrower communications or direct communications with the first lien servicer). *Black Knight will cease to make matches based on probable lien matches or sources independent of Black Knight after March 31, 2017.*

In addition, to facilitate modifications, the HAMP Reporting Tool has been updated to allow reporting of valid 2MP modifications for which the corresponding first lien match was not confirmed through Black Knight. Therefore, participating 2MP servicers may offer and report a 2MP modification when the servicer identifies the match, even if the match is not reflected in the Black Knight system.

If servicers choose to offer and report 2MP modifications outside of the Black Knight process, the 2MP servicer must be able to provide sufficient documentation that the borrower is entitled to the

2MP modification being offered. Such documentation includes *evidence or confirmation that the borrower submitted on or before December 30, 2016 either the Initial Package (as defined in Section 4 of Chapter II) under HAMP Tier 1 and Tier 2, or the loan modification application under GSE HAMP, as may be applicable, in respect of a permanent first lien modification under HAMP*, a copy of the fully executed modification agreement, and the information that must match includes, at a minimum, borrower name(s), social security number(s), property address and the first lien loan number. For servicer-identified matches where the servicer services both the first and second liens, the servicer can rely on the executed modification documents in the servicer's possession and the servicer must verify the modified first lien's good standing. For servicer-identified matches where the 2MP servicer does not service the first lien, the 2MP servicer can rely on a copy of the executed modification agreement obtained from the first lien servicer, ~~and~~ verification from the first lien servicer of the modified first lien's good standing *and, if the first lien modification is under HAMP, confirmation from the first lien servicer that the borrower submitted either the Initial Package or the loan modification application on or before December 30, 2016*. In addition, in the case of GSE Standard Modifications, the 2MP servicer must verify that the first lien modified under the GSE Standard Modification satisfies the eligibility criteria in *Section 3.1 of this Chapter and in Section 1, the second paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.4 of Chapter II*, and the 2MP servicer must obtain a completed Occupancy Certification from the borrower(s) regardless of whether the borrower occupies the property as their principal residence or it is a rental property.

**KKK. Section 4.2 of Chapter V is amended as follows:**

The modification of a second lien may not become effective unless and until (i) the modification of a corresponding first lien becomes effective and, when applicable, (ii) the borrower has made all required 2MP trial period payments. In addition, if the modified first lien loses good standing prior to the 2MP modification becoming effective, the second lien is not eligible for 2MP and the 2MP servicer is not required to offer a 2MP modification to the borrower. If, however, the same first lien loan is subsequently modified under HAMP Tier 2 or the GSE Standard Modification, as applicable, the servicer will be required to offer a 2MP that corresponds to the terms of the subsequent modification, *subject to the eligibility criteria in Section 3.1*.

**LLL. The second and third bullets of Section 4.2.1 of Chapter V are amended as follows:**

- For all subsequent match files provided by Black Knight *on or before March 31, 2017*, 60 calendar days from the date the 2MP servicer receives the notification of a match from Black Knight of the related permanent HAMP modification.
- For all match files where a borrower is in a bankruptcy, 60 calendar days from the later of (1) the date the borrower, the borrower's counsel or the bankruptcy trustee requests consideration for a 2MP modification and (2) the date the 2MP servicer receives the notification of a match from Black Knight of the related permanent HAMP modification. The servicer must work with the borrower or borrower's counsel to obtain any court and/or trustee approvals required in accordance with local court rules and procedures and should extend time frames as necessary to accommodate dates in obtaining the approvals, *provided*

*that the permanent modification or extinguishment can be effected on or before December 1, 2017.*

**MMM. The second paragraph of Section 4.2.1 of Chapter V is amended as follows:**

A 2MP servicer must offer 2MP no later than 150 calendar days from “The Date of First Match” in the first match file provided by Black Knight containing a match to a GSE Standard Modification. The “first match file” for these purposes, is comprised of the match files that were provided by Black Knight in both September and October 2013 containing a match to a GSE Standard Modification. For all subsequent match files provided by Black Knight *containing a match to a GSE Standard Modification*, a 2MP servicer must offer 2MP ~~no later than~~ *on or before the earlier of (a) 60 calendar days from “The Date of First Match” in the file for the related GSE Standard Modification and (b) December 30, 2016, provided that a 2MP servicer is not required to offer 2MP based on a GSE Standard Modification in the 60 calendar days preceding December 30, 2016, if in its good business judgment there is insufficient time to do so in such period.*

**NNN. The first two paragraphs of Section 4.2.2 of Chapter V are amended as follows:**

If a servicer chooses to offer a 2MP modification outside of the Black Knight process where the servicer services both the first and second liens, the servicer must offer a 2MP trial period or 2MP modification, as applicable, to the borrower no later than 60 calendar days after the effective date of the related permanent modification, *provided that in the case of a match with a GSE Standard Modification, the offer must be made on or before December 30, 2016.*

If a servicer chooses to offer a 2MP modification outside of the Black Knight process where the 2MP servicer does not service the first lien, the 2MP servicer must offer a 2MP trial period or 2MP modification, as applicable, to the borrower no later than 60 calendar days after the date the copy of the executed modification agreement and other appropriate documentation is obtained from the first lien servicer and verification from the first lien servicer of the HAMP modified first lien’s good standing *provided that in the case of a match with a GSE Standard Modification any such offer is made on or before December 30, 2016.*

**OOO. Section 5.5 of Chapter V is amended as follows:**

If a 2MP modification is associated with a HAMP modification that loses good standing, the loan with the 2MP modification is no longer eligible for incentives under 2MP. However, a 2MP modification that is no longer receiving incentives because the borrower lost good standing on a HAMP modification may be reinstated if the first mortgage lien is subsequently modified under HAMP Tier 2 or ~~the~~ *a GSE Standard Modification, provided that the GSE Standard Modification has a permanent modification effective date on or before December 1, 2016, as applicable.* In this instance the 2MP servicer will be notified by the Black Knight matching facility that the first lien has been re-modified and the servicer must resume 2MP monthly reporting in the HAMP Reporting Tool. Servicers will not be required to re-modify a 2MP permanent modification to match the terms of the HAMP Tier 2 modification or the GSE Standard Modification, *and accordingly, all prior 2MP modification terms apply.* Upon receipt of the 2MP monthly report by

the Program Administrator, incentive payments will resume and a true-up of incentives unpaid during the interim will be calculated and paid as appropriate.

**PPP. The following paragraph is inserted at the end of Section 6 of Chapter V:**

*Servicers should use good business judgment when offering 2MP modifications after March 31, 2017 and should design their policies and procedures to reasonably ensure that borrowers placed in 2MP trial periods can be converted to a permanent modifications on or before December 1, 2017. If a 2MP trial period cannot be converted to a permanent 2MP modification or a 2MP extinguishment cannot be effected on or before December 1, 2017, servicers are encouraged to offer a proprietary second lien modification or extinguishment to the borrower. However, any such proprietary second lien modification or extinguishment is not eligible for incentive compensation under 2MP.*

**QQQ. The last sentence of Section 9 of Chapter V is amended as follows:**

*2MP servicers are required to submit 2MP data using the HAMP Reporting Tool and all 2MP permanent modifications and partial and full extinguishments must be reported before May 1, 2018 following the April 2018 reporting cycle. In the event that a 2MP permanent modification or extinguishment is completed by December 1, 2017 but is not reported before May 1, 2018, (i) no incentives will be paid under the SPA and (ii) the servicer must nonetheless honor all terms associated with the transaction, including payment of incentives to the respective borrower, servicer or investor.*

**RRR. Section 10.1 of Chapter V is amended as follows:**

2MP servicers must report a “full-file” status report to the credit repositories for each loan under 2MP in accordance with the Fair Credit Reporting Act as well as other applicable law and credit bureau requirements as provided by the CDIA *from time to time*. “Full-file” reporting means that the 2MP servicer must describe the exact status of each mortgage it is servicing as of the last business day of each month. Following modification of a second lien under 2MP, 2MP servicers should use Special Comment Code “CN” to identify loans being paid under a modified payment agreement as described in the guidance ~~below~~ provided by CDIA.

**SSS. Sections 10.1.2 and 10.1.3 of Chapter V are amended as follows:**

**10.1.2 Post Modification Reporting**

2MP servicers should continue to report one trade line under the original Account Number.

~~Date Opened = the date the account was originally opened~~

~~Original Loan Amount = the original amount of the loan, including the Balloon Payment Amount, if applicable. If the principal balance increases due to capitalization of delinquent amounts due under the loan, the Original Loan Amount should be increased to reflect the modified principal balance~~

~~Terms Duration = the modified terms~~

~~Scheduled Monthly Payment Amount = the new amount as per the modified agreement~~

~~Current Balance = the principal balance (including the Balloon Payment Amount, if applicable), plus the interest and escrow due during the current reporting period~~

~~Account Status Code = the appropriate code based on the new terms of the loan~~

~~Special Comment Code = CN~~

~~K4 Segment = used to report the Balloon Payment information, if applicable:~~

~~Specialized Payment Indicator = 01 (Balloon Payment)~~

~~Payment Due Date = the date the balloon payment is due which is equal to maturity of the amortizing portion of the loan. Note: The payoff date can be used in this field~~

~~Payment Amount = the amount of the balloon payment in whole dollars only~~

### **10.1.3 Extinguishment Reporting**

~~For second liens that are extinguished in their entirety under 2MP, the 2MP servicer must report the following to the credit repositories:~~

~~Account Status Code = 13 (Paid)~~

~~Payment Rating = the appropriate code that identifies the status of the account within the activity period being reported~~

~~Special Comment Code = AU (Paid in full for less than the full balance)~~

~~Current Balance and Amount Past Due = zero~~

~~Date Closed = date the accounts are forgiven and considered to be paid~~

~~Note that payment history for the forgiven accounts will be retained.~~

~~or For second liens where a portion of the principal is extinguished in conjunction with a modification under 2MP, the 2MP servicer must follow all applicable laws and credit bureau requirements as provided by the CDIA.~~

### **TTT. The first sentence of Section 11 of Chapter V is amended as follows:**

*Borrowers, 2MP servicers and investors are eligible for incentive compensation under 2MP for 2MP permanent modifications and extinguishments which meet the eligibility criteria set forth in Section 3 and have been reported in the HAMP Reporting Tool before May 1, 2018 following the April 2018 reporting cycle.*

**UUU. The last sentence and accompanying footnote of Section 2.1 of Chapter VI are amended as follows:**

Servicers should consult only these Mortgagee Letters and other existing or future guidance issued by FHA for requirements related to eligibility, underwriting and administration of FHA-HAMP (hereafter referred to as FHA-HAMP Mortgagee Letters), with the exception of the specific requirements of Treasury FHA-HAMP set forth in this Handbook. In addition to any guidance provided by FHA, to be eligible for incentive compensation under Treasury FHA-HAMP, the first lien mortgage loan must have been originated on or before January 1, 2009 and a written request for modification assistance must be made by the borrower on or before December 31, 2016<sup>1</sup> and the effective date of the permanent modification must be on or before ~~September 30~~December 1, 2017.

**VVV. The last sentence of Section 2.2 of Chapter VI is amended as follows:**

In addition to any guidance provided by RHS, to be eligible for incentive compensation under RD-HAMP, all borrowers must execute a Hardship Affidavit (as described in Section 4.1.1 of Chapter II), the first lien mortgage loan must have been originated on or before January 1, 2009, and a written request for modification assistance must be made on or before December 31, 2016<sup>2</sup> and the effective date of the permanent modification must be on or before ~~September 30~~December 1, 2017.

**WWW. The first sentence of Section 3.2 of Chapter VI is amended as follows:**

Borrowers and servicers are eligible for incentive compensation under Treasury FHA-HAMP and RD-HAMP *for all Treasury FHA-HAMP and RD-HAMP permanent modifications that have been reported in the HAMP Reporting Tool before May 1, 2018 following the April 2018 reporting cycle.*

**XXX. The last paragraph of Section 3.2 of Chapter VI is amended as follows:**

Furthermore, for any FHA-HAMP trial period plan with an effective date on or after November 16, 2012, no incentives of any kind will be paid on the related FHA-HAMP permanent modification if the modified monthly mortgage payment does not fall within the target monthly mortgage payment ratio required by FHA for FHA-HAMP, subject to a maximum post modification debt to income ratio of 40 percent. No incentives of any kind will be paid on RD-HAMP modifications if the modified monthly mortgage payment does not achieve ~~the~~a target monthly mortgage payment ratio of *not less than 31 percent with a maximum ratio of 36 percent.*

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<sup>1</sup> Evidence of borrower submission must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower on or before December 31, 2016.

<sup>2</sup> See footnote 5.

**YYY. The second paragraph of Section 3.3 of Chapter VI is amended as follows:**

Servicers are required to report all historical and future Treasury FHA-HAMP and RD-HAMP modifications that are eligible to receive incentives, including those in which the monthly mortgage payment was not reduced by at least six percent. Reporting of such modifications must occur prior to the date on which the first incentive payment is payable, *but, in any event, before May 1, 2018 following the April 2018 reporting cycle. In the event that a Treasury FHA-HAMP or RD-HAMP permanent modification is completed by December 1, 2017 not reported before May 1, 2018, (i) no incentives will be paid under the SPA and (ii) the servicer must nonetheless honor all terms associated with the transaction, including payment of incentives to the respective borrower or servicer.*

**ZZZ. The first sentence of Section 6 of Chapter VIII is amended as follows:**

As detailed in the program guidance in Chapter V, a 2MP servicer is required to modify or extinguish a second lien mortgage loan if the first lien mortgage loan is modified under HAMP (Tier 1 or Tier 2).