Help for America’s Homeowners

MAKING HOME AFFORDABLE

Making Home Affordable (MHA) Program Wind Down and Hardest Hit Fund (HHF) Update

MHA Highlights

- MHA has helped more than **1.8 million families**.

- HAMP set standards for how modifications should be done
  - Contributed to more than **7 million** modifications and loss mitigation interventions.

- HAMP homeowners saved approximately **$41 billion** to date in monthly mortgage payments.

- HAMP standards result in **better performance and sustainability** of the modification.

MHA Wind Down Goals

- Execute wind down of MHA programs in an effective and efficient manner.
- Preserve loss mitigation knowledge and strategies utilized to prevent future crises; adoption of lessons learned.
- Coordinate with stakeholders to communicate consistent message regarding wind down activities.

MHA Wind Down Milestones

- The Consolidated Appropriations Act of 2016 requires termination of MHA programs on **December 30, 2016**, with an exception for certain applications made before that date.
  - Guidance issued **March 3, 2016** (Supplemental Directive 16-02) covering the program end dates and requirements around consideration or evaluation of homeowners who request assistance prior to end date.
  - Additional guidance issued **May 2, 2016** (Supplemental Directive 16-03) covering other key program components (SPOC, escalations, post modification counseling, etc.).
  - Majority of **guidance will remain in effect through 2017** or longer.

MHA Wind Down Details

HAMP

Initial Package must be received on or before December 30, 2016 to be eligible for consideration in 2017.

Must have permanent modification effective date on or before December 1, 2017.

HAFA

Short Sale or deed-in-lieu transaction must be **approved on or before December 30, 2016.**

Approved sales contract or a pre-approval to list the property.

Closing must occur on or before December 1, 2017 to be eligible for HAFA incentives

UP

Forbearance Plan must be **approved on or before December 30, 2016.**

Effective **May 1, 2016**, servicers may begin to offer proprietary forbearance plans ahead of UP

2MP

HAMP: Initial Package must be received on or before December 30, 2016 to be eligible for consideration in 2017.

GSE HAMP: Complete loan modification application must be received on or before December 30, 2016.

Servicer must receive notification of the 1st lien match on or before March 30, 2017. Any partial or full extinguishment of 2nd lien must be on or before December 1, 2017.

Transition period begins in September 2016 where servicers will no longer be required to follow specific HAMP requirements related to solicitation of borrowers.

MHA Wind Down Details

SPOC

Servicers no longer required to assign relationship managers (RM) to borrowers **after December 30, 2016**.

Any RM that is assigned to the borrower on or before December 30 must fulfill all required obligations until December 1, 2017 (and all open escalations have been resolved per the *Handbook* guidance).

ESCALATIONS

MHA Help and HSC will accept and work all cases received by **December 1, 2017.**

Escalations must be resolved in accordance with *Handbook* guidance by May 1, 2018. After that, servicers no longer required but encouraged to continue best practices regarding resolution of a borrower's escalation or dispute.

REPORTING

All transactions under HAMP, HAFA, 2MP, FHA/RD-HAMP eligible for receiving payments & incentives must be reported in the HAMP Reporting Tool **before May 1, 2018** (for the April 2018 reporting cycle).

Incentives will only be paid with regard to permanent modifications, partial extinguishments, full extinguishments, short sales and DILs reported before that date.

PMC

Servicers must continue to offer financial counseling to all **new trials** through **December 1, 2017**.

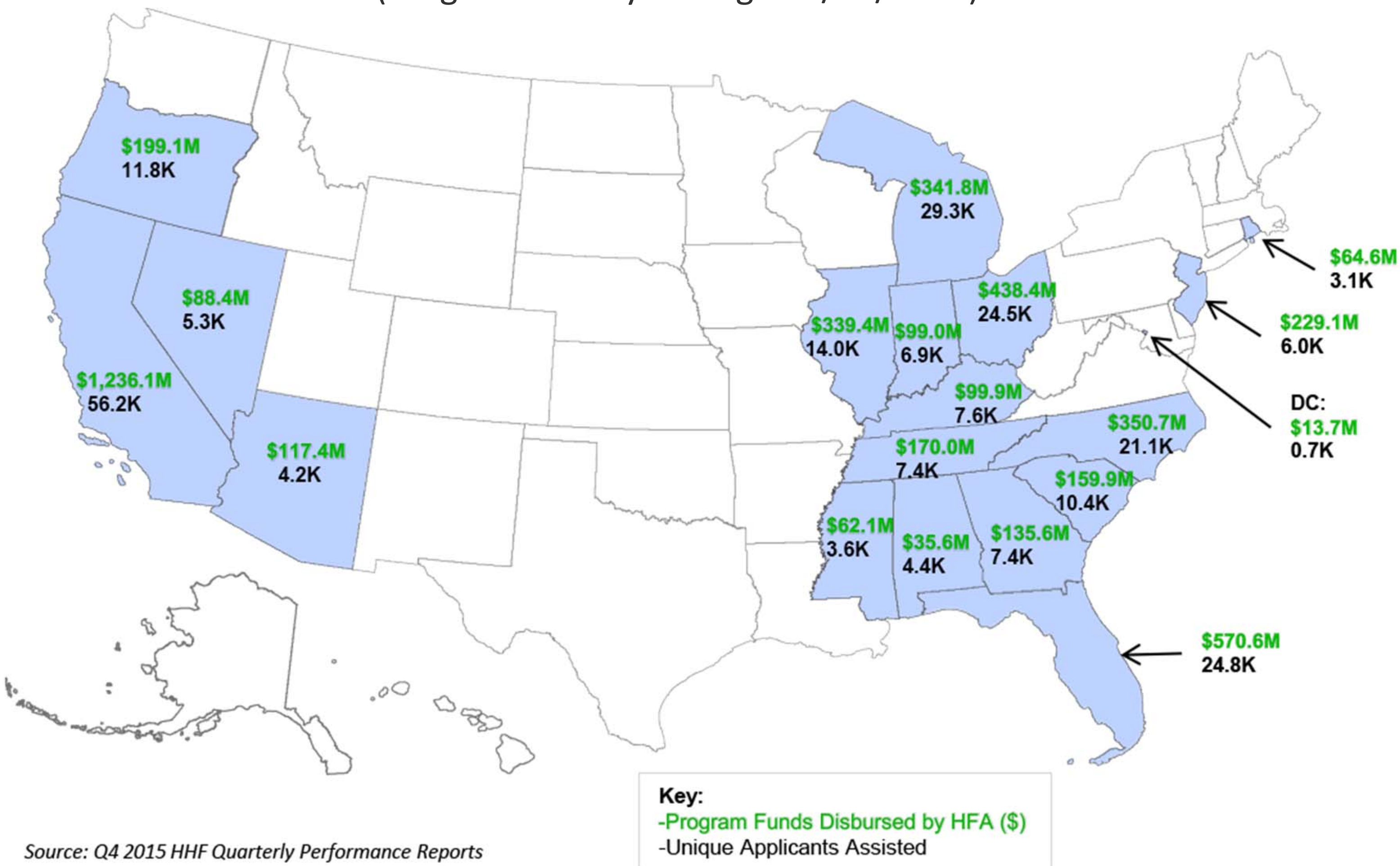
Servicers must also continue to offer counseling to all **risk of default** borrowers who meet eligibility criteria until the later of the applicable incentive period under HAMP and the final interest rate step-up.

Hardest Hit Fund® (HHF)

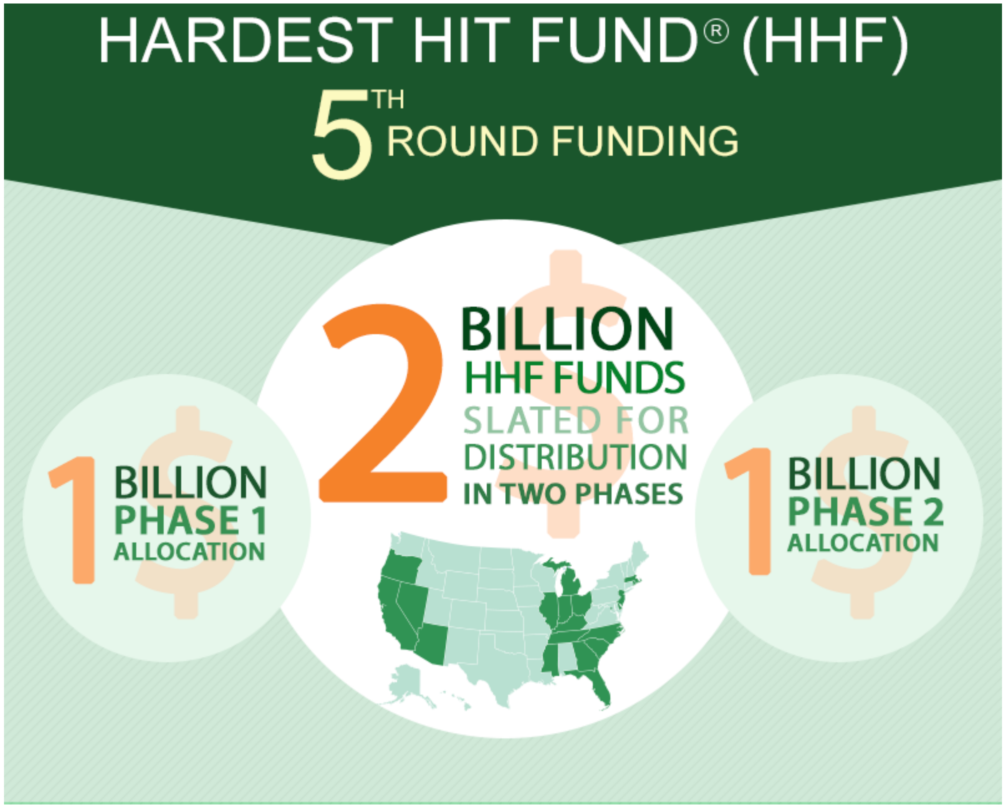
- HHF currently provides $9.6 billion to 18 states and the District of Columbia to develop locally tailored programs to assist struggling homeowners in their communities.
- In February 2016, Treasury announced $2 billion additional commitment to existing HHF participants.
- HHF is designed to capitalize on Housing Finance Agencies (HFAs) understanding of local community conditions and create programs they determine will most effectively prevent foreclosures and stabilize housing markets.

Hardest Hit Fund® (HHF)

HHF States Have Assisted Nearly 250,000 Homeowners
(Program activity through 12/31/2015)



Source: Q4 2015 HHF Quarterly Performance Reports



The first phase allocates $1 billion using a formula based on state population and the HFA's utilization of their HHF allocation to date. In order to qualify for funding in the first phase, HFAs must have utilized at least 50 percent of their existing HHF allocations. The second phase utilized an application process that was open to all participating HFAs.

[1]As of February 15, 2016 Alabama has utilized approximately 29 percent of its existing allocation, and is therefore ineligible for funding in the first phase of Fifth Round Funding.

Hardest Hit Fund® (HHF) State Allocations for 5th Round Funding

The first phase will allocate $1 billion using a formula based on state population and the HFA's utilization of their HHF allocation to date. In order to qualify for funding in the first phase, HFAs must have utilized at least 50 percent of their existing HHF allocations.

State Allocations for Fifth Round Funding-Phase[1]

AZ	$28,282,519	**MS**	$19,340,040
CA	$213,489,977	**NC**	$78,016,445
DC	$4,924,602	**NJ**	$69,231,301
FL	$77,896,538	**NV**	$8,885,641
GA	$30,880,575	**OH**	$97,590,720
IL	$118,174,500	**OR**	$36,425,456
IN	$28,565,323	**RI**	$9,680,817
KY	$30,148,245	**SC**	$22,030,274
MI	$74,491,816	**TN**	$51,945,211

The second phase will utilize an application process open to all participating HFAs.

[1]As of February 15, 2016 Alabama has utilized approximately 29 percent of its existing allocation, and is therefore ineligible for funding in the first phase of Fifth Round Funding.

MHA Key Takeaways

- **Payment Reduction** – amount of payment reduction has a significant impact on performance.
- **Principal Reduction** – particularly for underwater homeowners, can help achieve payment reduction. From HAMP PRA, we have learned that loans receiving principal reduction **perform better after 36 months** than loans without principal reduction.
- **Delinquency at Time of Modification** – performance of the modification is influenced by the length of delinquency of the loan at time of modification.
- **Robust Infrastructure and Processes are Important** – for both servicers and homeowners – many of the **key "process" points introduced by HAMP** (single point of contact, defined protocols to reach out to delinquent borrowers, protections against dual tracking foreclosure, escalation process, etc.) have been adopted by the industry and the CFPB.
- **Look Holistically at the Borrower's Situation** – the tools you use will vary with the situation. Is the borrower underwater? Do they have a second lien? How long could hardship last?

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Making Home Affordable (MHA) Program Wind Down and Hardest Hit Fund (HHF) Update Q&A