



Home Affordable Modification Program

A proactive and efficient workout solution to help borrowers avoid foreclosure whenever possible

A key component of the Making Home Affordable Program, the Home Affordable Modification Program (HAMP) offers a strong foreclosure prevention solution by expanding eligibility to borrowers who are delinquent, as well as borrowers whose default is imminent.

HAMP provides federal incentives to encourage all parties to engage in loan modifications and avoid home foreclosure.

› Program Eligibility

- The program is effective for mortgages originated on or before January 1, 2009, and will expire December 31, 2012.
- Properties are single-family 1-4 unit primary residences, including condos, cooperatives, Single-Family Seller/Service Guide (Guide)-eligible manufactured homes, and conforming jumbos. Servicers must verify that the borrower is occupying the property as a primary residence.
- First-lien mortgages owned, securitized, or guaranteed by Freddie Mac are eligible with current unpaid principal balances up to:
 - 1 Unit - \$729,750
 - 2 Units - \$934,200
 - 3 Units - \$1,129,250
 - 4 Units - \$1,403,400
- FHA, VA, and RHS guaranteed mortgages are eligible, subject to the relevant agency's guidelines.
- Borrowers may be current or less than 60 days delinquent and determined to be in imminent default, or 60 days or more delinquent.
- There must be affirmation of financial hardship.
- Borrowers who may be in foreclosure, in pending litigation involving the mortgage, or who are in active bankruptcy are eligible for this program.
- Mortgages can be previously modified, but borrowers may not have previously entered into a Trial Period Plan under the Home Affordable Modification program (HAMP).
- Borrowers must currently have a monthly housing expense-to-income ratio greater than 31 percent.

› Key Features

- The program strives to create a more affordable first lien housing payment of principal, interest, taxes, insurance, homeowner/condo association fees, and escrow shortages that is as close as possible, but no less than, 31 percent of the borrower's gross monthly household income.
- Borrowers with a monthly total debt payment-to-income ratio equal to or greater than 55 percent must agree to enter free HUD-approved credit counseling.
- Servicers must proactively solicit delinquent borrowers, and may leverage program documents and tools.
- Servicers should reduce the monthly mortgage payment using a sequential process that may include capitalization of arrearages, rate reduction, term extension, and principal forbearance.
- A Trial Period is required during which the borrower must remit the estimated new monthly payments. Servicers enter into a Trial Period Plan with the borrower during the Trial Period, followed by a Modification Agreement upon successful completion of the Trial Period.
- Borrowers and Servicers may receive incentives for timely payments, subject to certain requirements.

HOME AFFORDABLE MODIFICATION PROGRAM

<p>Collection Efforts</p>	<ul style="list-style-type: none"> • To the extent that a Servicer has <u>not</u> set up Automated Clearing House (ACH) payment arrangements or established other arrangements to cure delinquency, collection calls must begin between the third and 36th day of delinquency and continue every three days throughout the foreclosure process until: <ul style="list-style-type: none"> ▪ Quality right party contact is established and the Servicer determines the borrower is not interested in an alternative to foreclosure, ▪ Delinquency is cured, ▪ Quality right party contact is established and the Servicer obtains a promise to pay the delinquent amount by a specified date (not to exceed 30 days) from the borrower, ▪ Complete Borrower Response Package is received, or ▪ Borrower enters into a repayment plan or forbearance agreement. • Calling campaigns must be tailored appropriately based on the risk characteristics of the mortgage, each borrower's level of delinquency, previous payments habits, and the minimum contact requirements in Guide Section 64.5, <i>Collection Efforts</i>. <ul style="list-style-type: none"> ▪ Servicers may use the results of a loss mitigation tool to assist in tailoring their collection and solicitation efforts.
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<p>Solicitation of Borrowers</p>	<ul style="list-style-type: none"> • Borrowers who are 31 days or more delinquent must be solicited between the 31st and 35th day of delinquency and again between the 61st and 65th day of delinquency if quality right party contact was not achieved or the borrower did not respond to the initial solicitation. <ul style="list-style-type: none"> ▪ Servicers using a loss mitigation tool to assist in tailoring their collection and solicitation efforts may elect to not send a Borrower Solicitation Package between days 31-35 of delinquency if the results of the tool indicate the mortgage is a low-risk for worsening delinquency. • At a current borrower's request to be considered for a Home Affordable Modification, Servicers must first evaluate the borrower for eligibility for a Freddie Mac Relief Refinance Mortgage. If the borrower is not eligible, the Servicer must then determine whether the borrower is in imminent default. • Borrower Solicitation Package documents include: <ul style="list-style-type: none"> ▪ Guide Exhibit 1131, <i>Solicitation Letter – 31 Days Delinquent</i> or Guide Exhibit 1161, <i>Solicitation Letter – 61 Days Delinquent</i> <ul style="list-style-type: none"> - Represents information that must be sent to borrowers who are 31 or 61 days delinquent, respectively - Includes a solicitation letter, borrower checklist, description of all foreclosure alternatives, a FAQ document, and foreclosure scam notice - Replaces Form 1120, <i>HAMP Proactive Solicitation Letter</i>, and Form 1121, <i>Documentation Request Letter</i>, which have been retired. ▪ Form 710, <i>Uniform Borrower Assistance Form</i> <ul style="list-style-type: none"> - Provides borrower's certified financial information and reasons for hardship - Includes a request for income and hardship documentation the may be necessary for certain foreclosure alternative evaluations - If a borrower's current hardship is not one of the options in the hardship affidavit section of Form 710, Servicers must advise the borrower to provide details of the hardship in their written explanation and submit relevant documentation that supports their current hardship. ▪ Replaces Form 1126, <i>Borrower Financial Information</i>, Form 1114, <i>Making Home Affordable (MHA) Request for Modification and Affidavit (RMA)</i>, and Form 1115, <i>MHA Hardship Affidavit</i>, which have been retired. ▪ IRS Form 4506T-EZ, <i>Short Form Request for Individual Tax Return Transcript</i>, or IRS Form 4506-T, <i>Request for Transcript of Tax Return</i> ▪ Form 710A, <i>Government Monitoring Data</i> <ul style="list-style-type: none"> - Required only for HAMP-eligible borrowers • Spanish translations for certain borrower solicitation documents are available to assist solicitation efforts. Servicers may use the Spanish translations to support their efforts to obtain the required completed and signed English-language documents from the borrower. • When the Servicer is required to conduct an imminent default evaluation for a mortgage being considered for a HAMP Trial Period Plan, the complete Borrower Response Package must include any hardship documentation required for that evaluation. See Section C65.5.2.
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SERVICING TECHNOLOGY

<p>Imminent Default Indicator[®]</p>	<ul style="list-style-type: none"> • Imminent Default Indicator must be used as part of the evaluation of all borrowers who are current or less than 60 days delinquent for imminent default before considering the borrower for a Trial Period under HAMP.
<p>Workout Prospector[®]</p>	<ul style="list-style-type: none"> • Servicers must use Workout Prospector to evaluate all borrowers for a modification under HAMP or to transmit data when using their own proprietary or third-party system, provided those terms are the same as the terms generated by Workout Prospector. • Mortgages that are unable to be modified under HAMP must continue to be evaluated for other foreclosure alternatives using Workout Prospector.

FEES AND INCENTIVES	
Fees Paid by Borrower	<ul style="list-style-type: none"> • No modification-related fees charged to the borrower. • No cash contribution required, unless borrower elects to fund the escrow shortage in a lump sum.
Fees Paid by Servicer	<ul style="list-style-type: none"> • Notary, recordation, and other required fees. • May request reimbursement for certain modification costs that would otherwise be paid by the borrower.
Servicer Incentives	<ul style="list-style-type: none"> • Servicers will receive incentives for successfully completed HAMP modifications based on the term of delinquency when the trial period plan starts: <ul style="list-style-type: none"> ▪ \$1,600 for each successfully completed HAMP modification for mortgages that are less than or equal to 120 days delinquent [less than or equal to 150 days from the due date of last paid installment (DDLPI)] ▪ \$1,200 for each successfully completed HAMP modification for mortgages that are 121-210 days delinquent (151-240 days from DDLPI) ▪ \$400 for each successfully completed HAMP modification for mortgages that are greater than 210 days delinquent (greater than 240 days from DDLPI) • The payment of this incentive will be forfeited should the borrower become 90-days or more delinquent at any time during this three-year period. Incentives accrue each month during which the borrower is less than 90 days delinquent and are awarded yearly.
Borrower Incentives	<ul style="list-style-type: none"> • Borrowers who remain current on their modification receive a "Pay for Performance" incentive in the form of a principal reduction of up to \$1,000 per year for five years. Beginning with the first Trial Period month, this incentive accrues monthly for each month the Borrower remains current under the Trial Period Plan through the modification. This incentive is considered earned as of each anniversary of the effective date of the Trial Period Plan. • The payment of these incentives will be forfeited and the borrower will no longer be eligible for these incentives thereafter should the borrower become 90-days or more delinquent at any time during this five-year period. • Servicers are expected to report the incentive accrual on the first lien mortgage to the borrower on a monthly basis.
Incentives	<ul style="list-style-type: none"> • To qualify for Servicer "Pay for Success" payments and borrower "Pay for Performance" incentive payments, the modification must reduce the modified monthly PITIAS payment by a minimum of 6 percent from monthly mortgage payment used to determine eligibility (De minimis constraint). • When paid, Servicer annual "Pay for Success" payments and borrower "Pay for Performance" will be the lesser of (i) \$1,000 or (ii) half the reduction in the borrower's annualized monthly payment. • Servicers may not report a borrower past due to a credit reporting agency if a borrower does not submit funds in an amount at least equivalent to a Trial Period payment during the interim month or for purposes of accruing incentives for a timely first modified payment.

For More Information:

- Contact your Freddie Mac representative.
- Visit Freddie Mac's Home Affordable Modification Web page at FreddieMac.com/singlefamily/service/mha_modification.html
- Additional information about the federal Making Home Affordable program can be found at www.makinghomeaffordable.gov.

Servicer understands that this document may not incorporate every requirement under, and is not to be relied on as a replacement or substitute for, the information contained in the Single-Family Seller/Servicer Guide (Guide) or Guide Bulletin. Servicer is responsible for complying with the requirements of the Guide and relevant Guide Bulletins(s), notwithstanding the extent to which they may be inconsistent with this document. Refer to Guide Chapter C65.