

*Supplemental Directive 09-07*

*October 8, 2009*

## *Home Affordable Modification Program – Streamlined Borrower Evaluation Process*

### **Background**

In Supplemental Directive 09-01, the Treasury Department (Treasury) announced the eligibility, underwriting and servicing requirements for the Home Affordable Modification Program (HAMP). Under HAMP, servicers apply a uniform loan modification process to provide eligible borrowers with affordable monthly payments for their first lien mortgage loans. This Supplemental Directive represents an ongoing effort to improve process efficiency by updating the borrower underwriting requirements in Supplemental Directive 09-01 and introducing revised model documentation for the program. The objectives of these changes are to streamline the program documentation requirements and standardize the evaluation process that servicers use to make a HAMP eligibility determination.

The significant changes described in this Supplemental Directive include:

- The creation of a standard MHA Request for Modification and Affidavit form (RMA) that incorporates borrower income and expense information, a revised Hardship Affidavit, the SIGTARP fraud notice and portions of the current Home Affordable Modification Trial Period Plan;
- Updated and simplified income documentation and verification requirements;
- The conversion of the current Trial Period Plan to a notice that does not require a borrower signature; and
- Standardized borrower response timeframes.

The changes under the heading “Borrower Income/Asset Documentation and Verification” in this Supplemental Directive are effective immediately for loans that are currently in a HAMP trial period where income has not yet been verified or for loans that are evaluated for HAMP on or after the date of this Supplemental Directive. The requirements under the heading “Servicer Response” in this Supplemental Directive are effective for loans that begin a trial period after the date of this Supplemental Directive. The new forms outlined in this document, with the exception of the RMA (the use of which is addressed below), may be utilized immediately but must be in use by March 1, 2010. Servicers should continue to use the Home Affordable Modification Cover Letter and Home Affordable Modification Agreement when providing the borrower with an agreement that outlines the terms of the final modification.

## Standard MHA Request Form

Effective immediately, borrowers who want to be considered for HAMP may complete and submit to their servicer a RMA, a copy of which is attached to this Supplemental Directive as *Exhibit A*. All documents and forms described herein are posted on [www.HMPAdmin.com](http://www.HMPAdmin.com). The RMA, which includes a new borrower financial information section, is intended to replace in their entirety the current Hardship Affidavit and the SIGTARP notice, as well as elements from the current Trial Period Plan.

Servicers may require use of the RMA by all borrowers requesting consideration under HAMP or may continue to use other proprietary financial information forms that are substantially similar in content to the RMA. When provided by or on behalf of the borrower, the RMA must be accepted by servicers in lieu of any servicer specific form(s). When the RMA is not used, servicers must obtain an executed MHA Hardship Affidavit, an updated version of which (including the SIGTARP notice) is attached as *Exhibit B*. The use of “RMA” throughout the remainder of this Supplemental Directive shall refer to the RMA or its equivalent.

## Borrower Income/Asset Documentation and Verification

The following information replaces in its entirety the guidance in Supplemental Directive 09-01, on pages 5 through 8, under the heading “Underwriting —Verifying Borrower Income and Occupancy Status.” The portions of that section that are in *italics* below are not changed from Supplemental Directive 09-01 but are included here for ease of reference.

### Verbal and Verified Income Analysis

There are two forms of Trial Period Plan Notices (TPP Notices) for use by servicers: stated income and verified income. They should be prepared as follows:

- Servicers may use recent verbal financial information obtained from the borrower (the term “borrower” includes any co-borrower) to assess the borrower’s eligibility for a trial period plan. A servicer may rely on this information to prepare and send to the borrower a TPP Notice (stated income), attached as *Exhibit C*. Following receipt of a completed and signed RMA and income or other required documentation, the servicer must verify the borrower’s financial information and eligibility, including completing a final Net Present Value (NPV) evaluation.
- As an alternative, a servicer may require a borrower to submit the RMA and all required income or other documentation to verify the borrower’s financial information and eligibility prior to issuing a TPP Notice (verified income), attached as *Exhibit D*.

A borrower’s income documentation may not be more than 90 days old as of the date that such documentation is received by the servicer in connection with evaluating a mortgage loan for HAMP. There is no requirement to refresh such documentation during the remainder of the trial period.

### **Debt to Income Calculation**

*The borrower will only qualify for HAMP if the verified income documentation confirms that the monthly mortgage payment ratio prior to the modification is greater than 31 percent. The “monthly mortgage payment ratio” is the ratio of the borrower’s current monthly mortgage payment to the borrower’s monthly gross income (or the borrowers’ combined monthly gross income in the case of co-borrowers). The “monthly mortgage payment” includes the monthly payment of principal, interest, property taxes, hazard insurance, flood insurance, condominium association fees and homeowner’s association fees, as applicable (including any escrow payment shortage amounts subject to a repayment plan). When determining a borrower’s monthly mortgage payment ratio, servicers must adjust the borrower’s current mortgage payment to include, as applicable, property taxes, hazard insurance, flood insurance, condominium association fees and homeowner’s association fees if these expenses are not already included in the borrower’s payment. The monthly mortgage payment does not include mortgage insurance premium payments or payments due to holders of subordinate liens.*

### **Analysis of ARM Resets**

*With respect to adjustable rate loans where there is a rate reset scheduled within 120 days after the date of the evaluation (a “Reset ARM”), the monthly mortgage payment used to determine eligibility will be the greater of (i) the borrower’s current scheduled monthly mortgage payment or (ii) a fully amortizing monthly mortgage payment based on the note reset rate using the index value as of the date of the evaluation (the “Reset Interest Rate”). With respect to adjustable rate loans that reset more than 120 days after the date of the evaluation, the borrower’s current scheduled monthly mortgage payment will be used to determine eligibility.*

### **Monthly Gross Income**

*The borrower’s “monthly gross income” is the borrower’s income amount before any payroll deductions and includes wages and salaries, overtime pay, commissions, fees, tips, bonuses, housing allowances, other compensation for personal services, Social Security payments, including Social Security and adoption subsidies received by adults on behalf of minors or by minors intended for their own support, and monthly income from annuities, insurance policies, retirement funds, pensions, disability or death benefits, unemployment benefits, rental income and other income. If only net income is available, the servicer must multiply the net income amount by 1.25 to estimate the monthly gross income. All non-taxed income, including non-taxed social security income, is considered net income.*

*Servicers should include non-borrower household income in monthly gross income if it is voluntarily provided by the borrower and if there is documentary evidence that the income has been, and reasonably can continue to be, relied upon to support the mortgage payment. All non-borrower household income included in monthly gross income must be documented and verified by the servicer using the same standards for verifying a borrower’s income.*

*The servicer may not require a borrower to make an up-front cash contribution (other than the first trial period payment) for the borrower to be considered for HAMP.*

## **Information Documentation**

Servicers are responsible for determining that any information provided by the borrower and which is needed to evaluate the request is complete and accurate. Servicers should request that the borrower provide the documentation listed below, but may, consistent with investor guidelines, substitute other reliable forms of verification when appropriate.

### **IRS Form 4506-T**

All borrowers must provide a signed and completed IRS Form 4506-T (Request for Transcript of Tax Return). A servicer must submit the borrower's Form 4506-T to the IRS for processing unless the borrower provides a signed copy of his or her most recent federal income tax return, including all schedules and forms (the federal income tax return and all schedules and forms shall be referred to herein as the federal income tax return). A servicer also must submit the borrower's Form 4506-T to the IRS for processing when required by the Compliance Agent.

The servicer should review the tax information for all borrowers to help verify income and identify discrepancies. If the tax information identifies income relevant to the HAMP decision that the borrower did not disclose on the RMA, the servicer must obtain other documentation to reconcile the inconsistency. In resolving inconsistencies servicers must use reasonable business judgment to determine whether such income is no longer being earned or has been reduced to the amounts disclosed on an RMA.

### **Credit Report and Occupancy Verification**

In all cases, the servicer must obtain a credit report for each borrower or a joint report for a married couple who are co-borrowers to validate installment debt and other liens as described on page 10 of Supplemental Directive 09-01. Servicers should use the credit report to confirm that the property securing the mortgage loan is the borrower's principal residence. The servicer is no longer required to verify the borrower's principal residence using other documentation. If the credit report is inconsistent with other information provided by the borrower, the servicer must reconcile the inconsistency.

### **Income Documentation**

Based on the type and source of a borrower's income, the servicer will obtain and review the following documents to verify borrower financial information:

- **Tax Return.** A borrower in imminent default may, in accordance with investor guidelines, be required to provide a signed copy of his or her most recent federal income tax return. All other borrowers may elect to provide signed federal income tax returns but are not required to do so. Whenever a borrower does not provide a tax return, the servicer must obtain the borrower's tax return transcript by submitting the borrower's Form 4506-T to the IRS for processing as provided above.
- **Employment Income.** Copies of the two most recent paystubs indicating year-to-date earnings.
- **Self-employment Income.** The most recent quarterly or year-to-date profit and loss statement for each self-employed borrower.

- **Other earned income** (e.g., bonus, commission, fee, housing allowance, tips, overtime). Reliable third party documentation describing the nature of the income (e.g. an employment contract or printouts documenting tip income).
- **Benefit Income** (e.g., social security, disability, death benefits, pension, public assistance, adoption assistance). Evidence of (i) the amount and frequency of the benefits such as letters, exhibits, a disability policy or benefits statement from the provider, **and** (ii) receipt of payment, such as copies of the two most recent bank statements showing deposit amounts.
- **Unemployment Benefits.** Evidence of the amount, frequency and duration of the benefits (usually obtained through a monetary determination letter). The unemployment income must continue for at least nine months from the date of the application. The duration of benefit eligibility – including federal and state extensions – may be evidenced by a screenshot or printout from the Department of Labor UI benefit tool, which is available at [http://www.ows.doleta.gov/unemploy/ben\\_entitle.asp](http://www.ows.doleta.gov/unemploy/ben_entitle.asp).
- **Rental income.** Rental income should be documented through the Schedule E – Supplemental Income and Loss of the most recent tax year. If the borrower is using income from the rental of a portion of the borrower’s principal residence, the income should be calculated at 75 percent of the monthly gross rental income, with the remaining 25 percent considered vacancy loss and maintenance expense. If the borrower is using rental income from properties other than the borrower’s principal residence, the income to be calculated for HAMP purposes should be 75 percent of the monthly gross rental income, reduced by the monthly debt service on the property (i.e., principal, interest, taxes, insurance, including mortgage insurance, and association fees), if applicable. The needed tax forms can be obtained either through a signed and executed 4506-T or the signed copy of the most recent federal income tax return if provided by the borrower.
- **Alimony, Separation Maintenance, and Child Support Income.** Borrowers are not required to use alimony, separation maintenance or child support income to qualify for HAMP. However, if the borrower chooses to provide this income, it should be documented with (i) copies of the divorce decree, separation agreement or other legal written agreement filed with a court, or a court decree that provides for the payment of alimony or child support and states the amount of the award and the period of time over which it will be received, and (ii) evidence of receipt of payment, such as copies of the two most recent bank statements showing deposit amounts.
- **20% Threshold for Passive and Non-Wage Income.** Notwithstanding the foregoing, all passive and non-wage income (including rental, part-time employment, bonus/tip, investment and benefit income) **does not have to be documented if the borrower declares such income** and it constitutes less than 20% of the borrower’s total income.

### **Property Valuation Documentation**

Page 5 of Supplemental Directive 09-01 describes requirements for assessing property value for use in the NPV model. This supplemental directive amends the aging requirement for property

valuation documentation. Property value information must be less than 90 days old on the date the servicer first evaluates the borrower for a HAMP trial period plan using the NPV model. The information will remain valid for the duration of the trial period and does not need to be updated for any subsequent NPV evaluation.

### **Document Perfection**

Servicers must use good business judgment when determining the level of perfection of the verification documents. Servicers may elect to accept documents with imperfections (blank fields, erasures, use of correction tape, inaccurate dates, etc.) if the servicer determines that the imperfections are immaterial to the business decision, are not indicative of fraud and do not impact the servicer's ability to verify the completeness and accuracy of the borrower's financial representations.

### **Borrower Signatures**

Unless a borrower or co-borrower is deceased or divorced, all parties who signed the original loan documents or their duly authorized representative(s) should sign the HAMP documents. Servicers may encounter circumstances where a co-borrower signature is not obtainable, for reasons such as mental incapacity, military deployment or contested divorce. Servicer should look to investor guidance when determining whether to accept a document without a co-borrower's signature.

### **Electronic Submission**

For all documents required by Treasury (other than for IRS Form 4506-T), electronic submission and signatures are acceptable.

### **Fraud Detection**

Servicers should not modify a mortgage loan if there is reasonable evidence indicating the borrower submitted income information that is false or misleading or if the borrower otherwise engaged in fraud in connection with the modification.

Fannie Mae, in its capacity as a financial agent for the Treasury, will establish a fraud detection surveillance procedure using reported trial period data. When discrepancies or potential misrepresentations are identified, servicers will be notified during the trial period and will be required to take appropriate action to resolve the discrepancy prior to executing a final modification.

### **Document Retention**

The document retention requirements described on pages 13 and 14 of Supplemental Directive 09-01 remain in effect. Additionally, servicers must make all documentation related to HAMP program available to Freddie Mac, as compliance agent for Treasury.

### **Trial Period Plan Notices**

As described above, revised and updated TPP Notices are attached and replace the current cover letters and current Trial Period Plan. The TPP Notices describe the terms and conditions of the trial period plan and must be sent to borrowers as noted below in the section titled, "Servicer

Response”. Borrowers are not required to sign or return the TPP Notice. Servicers should retain a copy of the TPP Notice in the borrower file and note the date that it was sent to the borrower. Timely receipt of the first payment under the TPP Notice is evidence of the borrower’s acceptance of the trial period plan and its terms and conditions.

A borrower in a trial period plan who makes all required trial period payments, but does not sign and return current trial period plan prior to the end of the trial period, may receive a HAMP modification as long as the servicer has received all required trial period plan payments and all other HAMP-required documentation from the borrower, including a fully executed Home Affordable Modification Agreement.

## **Servicer Response**

**Within 10 business days** following receipt of borrower financial information verbally or in a completed RMA, the servicer must acknowledge the borrower’s request for HAMP participation by sending the borrower one of the following documents:

- The stated income TPP Notice -- if the servicer is evaluating borrower eligibility based on verbal income information and is prepared to offer the borrower a trial period plan.
- A written notice with information describing HAMP and including appropriate forms and a list of verification documents and a specific date by which documentation must be received -- if the servicer is evaluating borrower eligibility based on verified income information.
- If the servicer determines that a borrower cannot be approved for a trial period plan, the servicer must communicate that determination to the borrower in writing and consider the borrower for another foreclosure prevention alternative.

**Within 30 calendar days** following the servicer’s receipt of a completed RMA, Form 4506-T and all required income and other information (including all required documentation and either the borrower's tax transcript or tax return when using the verified approach), the servicer must complete its evaluation of borrower eligibility and notify the borrower of its determination as follows:

- If the servicer determines that the borrower is approved for a trial period plan, the servicer must either:
  - Send a TPP Notice (verified income) to the borrower, or
  - If the borrower is currently in a trial period plan pursuant to a stated income TPP Notice, send a written notice that the borrower has been approved for a HAMP modification pending timely receipt of all trial period payments.
- If the servicer determines that a borrower cannot be approved for a trial period plan, the servicer must communicate that determination to the borrower in writing and consider the borrower for another foreclosure prevention alternative.

**Exhibit A**  
**MHA Request for Modification and Affidavit**





## Making Home Affordable Program Request For Modification and Affidavit (RMA)

Loan I.D. Number \_\_\_\_\_

<b>I want to:</b> <input type="checkbox"/> <b>Keep the Property</b> <input type="checkbox"/> <b>Sell the Property</b> <b>The property is my:</b> <input type="checkbox"/> <b>Primary Residence</b> <input type="checkbox"/> <b>Second Home</b> <input type="checkbox"/> <b>Investment</b> <b>The property is:</b> <input type="checkbox"/> <b>Owner Occupied</b> <input type="checkbox"/> <b>Renter occupied</b> <input type="checkbox"/> <b>Vacant</b>			
<b>BORROWER</b>		<b>CO-BORROWER</b>	
BORROWER'S NAME		CO-BORROWER'S NAME	
SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	DATE OF BIRTH
HOME PHONE NUMBER WITH AREA CODE		HOME PHONE NUMBER WITH AREA CODE	
CELL OR WORK NUMBER WITH AREA CODE		CELL OR WORK NUMBER WITH AREA CODE	
MAILING ADDRESS			
PROPERTY ADDRESS (IF SAME AS MAILING ADDRESS, JUST WRITE SAME)			EMAIL ADDRESS
Is the property listed for sale? <input type="checkbox"/> Yes <input type="checkbox"/> No Have you received an offer on the property? <input type="checkbox"/> Yes <input type="checkbox"/> No Date of offer _____ Amount of Offer \$ _____ Agent's Name: Agent's Phone Number: For Sale by Owner? <input type="checkbox"/> Yes <input type="checkbox"/> No		Have you contacted a credit-counseling agency for help? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please complete counselor contact information below. Counselor's Name: Counselor's Phone Number: Counselor's Email:	
Who pays the Real Estate Tax bill on your property? <input type="checkbox"/> I do <input type="checkbox"/> Lender does Are the taxes current? <input type="checkbox"/> Yes <input type="checkbox"/> No Condominium or HOA Fee <input type="checkbox"/> Yes <input type="checkbox"/> No \$ _____ Paid to: _____		Who pays the hazard insurance policy for your property? <input type="checkbox"/> I do <input type="checkbox"/> Lender Does <input type="checkbox"/> Paid by Condo or HOA Is the policy current? <input type="checkbox"/> Yes <input type="checkbox"/> No Name of Insurance Co. _____ Insurance Co. Tel #: _____	
Have you filed for bankruptcy?    Yes <input type="checkbox"/> No <input type="checkbox"/> If yes: <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 13    Filing Date: _____ Has your bankruptcy been discharged? <input type="checkbox"/> Yes <input type="checkbox"/> No                    Bankruptcy case number _____			
If there are additional Liens/Mortgages or Judgments on this property, please name the person(s), company or firm and their telephone numbers.			
Lien Holder's Name/Service	Balance	Contact Number	Loan Number
<b>HARDSHIP AFFIDAVIT (use back of request for explanation IF necessary)</b>			
I (We) am/are requesting review under the Making Home Affordable program. I am having difficulty making my monthly payment because of financial difficulties created by <i>(Please check all that apply)</i> :			
<input type="checkbox"/> <b>My</b> household income has been reduced. For example unemployment, underemployment, reduced pay or hours, decline in business earnings, death, disability or divorce of a borrower or co-borrower.		<input type="checkbox"/> <b>My</b> monthly debt payments are excessive and I am overextended with my creditors. Debt includes credit cards, home equity or other debt.	
<input type="checkbox"/> <b>My</b> expenses have increased. For example: monthly mortgage payment reset, high medical or health care costs, uninsured losses, increased utilities or property taxes.		<input type="checkbox"/> <b>My</b> cash reserves, including all liquid assets, are insufficient to maintain my current mortgage payment and cover basic living expenses at the same time.	
<input type="checkbox"/> Other _____			
<b>Explanation</b> (continue on back of page 3 if necessary): _____ _____ _____			

## INCOME/EXPENSES FOR HOUSEHOLD\*

Number of People in Household \_\_\_\_\_

1		2		3	
Monthly Household Income		Monthly Household Expenses/Debt		Household Assets	
Monthly Gross wages	\$ _____	First Mortgage Payment	\$ _____	Checking Account(s)	\$ _____
Overtime	\$ _____	Second Mortgage Payment	\$ _____	Checking Account(s)	\$ _____
Child Support / Alimony*	\$ _____	Insurance	\$ _____	Saving s/ Money Market	\$ _____
Social Security/SSDI	\$ _____	Property Taxes	\$ _____	CDs	\$ _____
Other monthly income from pensions, annuities or retirement plans	\$ _____	Credit Cards / Installment Loan(s) (total minimum payment per month)	\$ _____	Stocks / Bonds	\$ _____
Tips, commissions, bonus and self-employed income	\$ _____	Alimony, child support payments	\$ _____	Other Cash on Hand	\$ _____
Rents Received	\$ _____	Net Rental Expenses	\$ _____	Other Real Estate (estimated value)	\$ _____
Unemployment Income	\$ _____	HOA/Condo Fees/Property Maintenance	\$ _____	Other _____	\$ _____
Food Stamps/Welfare	\$ _____	Car Payments	\$ _____		\$ _____
Other (investment income, royalties, interest, dividends etc) _____	\$ _____	Other _____ _____	\$ _____	Do not include the value of life insurance or retirement plans when calculating assets (401k, pension funds, annuities, IRAs, Keogh plans, etc.)	
<b>Total (Gross income)</b>	<b>\$ _____</b>	<b>Total Debt/Expenses</b>	<b>\$ _____</b>	<b>Total Assets</b>	<b>\$ _____</b>

\*\*\*\*\* ALL INCOME MUST BE DOCUMENTED \*\*\*\*\*

\* Include combined income and expenses from the borrower and co-borrower (if any). If you include income and expenses from a household member who is not a borrower please specify using the back of this form if necessary. You are not required to disclose Child Support, Alimony or Separation Maintenance income, unless you choose to have it considered by your servicer.

### INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the federal government in order to monitor compliance with federal statutes that prohibit discrimination in housing. **You are not required to furnish this information, but are encouraged to do so. The law provides that a lender or servicer may not discriminate either on the basis of this information, or on whether you choose to furnish it.** If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, the lender or servicer is required to note the information on the basis of visual observation or surname if you have made this request for a loan modification in person. **If you do not wish to furnish the information, please check the box below.**

<b>BORROWER</b> <input type="checkbox"/> I do not wish to furnish this information <b>Ethnicity:</b> <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino <b>Race:</b> <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White <b>Sex:</b> <input type="checkbox"/> Female <input type="checkbox"/> Male	<b>CO-BORROWER</b> <input type="checkbox"/> I do not wish to furnish this information <b>Ethnicity:</b> <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino <b>Race:</b> <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White <b>Sex:</b> <input type="checkbox"/> Female <input type="checkbox"/> Male		
<b>To be Completed by Interviewer</b> This application was taken by:		Interviewer's Name (print or type) & ID Number	Name/Address of Interviewer's Employer
<input type="checkbox"/> Face-to-face interview <input type="checkbox"/> Mail <input type="checkbox"/> Telephone <input type="checkbox"/> Internet		Interviewer's Signature _____ Date _____ Interviewer's Phone Number (include area code) _____	

**ACKNOWLEDGEMENT AND AGREEMENT**

**In making this request for consideration under the Making Home Affordable Program I certify under penalty of perjury:**

1. That all of the information in this document is truthful and the event(s) identified on page 1 is/are the reason that I need to request a modification of the terms of my mortgage loan, short sale or deed-in-lieu of foreclosure.
2. I understand that the Servicer, the U.S. Department of the Treasury, or its agents may investigate the accuracy of my statements, may require me to provide supporting documentation. I also understand that knowingly submitting false information may violate Federal law.
3. I understand the Servicer will pull a current credit report on all borrowers obligated on the Note.
4. I understand that if I have intentionally defaulted on my existing mortgage, engaged in fraud or misrepresented any fact(s) in connection with this document, the Servicer may cancel any Agreement under Making Home Affordable and may pursue foreclosure on my home.
5. That: my property is owner-occupied; I intend to reside in this property for the next twelve months; I have not received a condemnation notice; and there has been no change in the ownership of the Property since I signed the documents for the mortgage that I want to modify.
6. I am willing to provide all requested documents and to respond to all Servicer questions in a timely manner.
7. I understand that the Servicer will use the information in this document to evaluate my eligibility for a loan modification or short sale or deed-in-lieu of foreclosure, but the Servicer is not obligated to offer me assistance based solely on the statements in this document.
8. I understand that the Servicer will collect and record personal information, including, but not limited to, my name, address, telephone number, social security number, credit score, income, payment history, government monitoring information, and information about account balances and activity. I understand and consent to the disclosure of my personal information and the terms of any Making Home Affordable Agreement by Servicer to (a) the U.S. Department of the Treasury, (b) Fannie Mae and Freddie Mac in connection with their responsibilities under the Homeowner Affordability and Stability Plan; (c) any investor, insurer, guarantor or servicer that owns, insures, guarantees or services my first lien or subordinate lien (if applicable) mortgage loan(s); (d) companies that perform support services in conjunction with Making Home Affordable; and (e) any HUD certified housing counselor.

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Borrower Signature

\_\_\_\_\_  
Date

**If you have questions about this document or the modification process, please call your servicer at \_\_\_\_\_ . If you have questions about the program that your servicer cannot answer or need further counseling, you can call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673). The Hotline can help with questions about the program and offers free HUD-certified counseling services in English and Spanish.**



**NOTICE TO BORROWERS**

Be advised that you are signing the following documents under penalty of perjury. Any misstatement of material fact made in the completion of these documents including but not limited to misstatement regarding your occupancy in your home, hardship circumstances, and/or income will subject you to potential criminal investigation and prosecution for the following crimes: perjury, false statements, mail fraud, and wire fraud. The information contained in these documents is subject to examination and verification. Any potential misrepresentation will be referred to the appropriate law enforcement authority for investigation and prosecution.

By signing the enclosed documents you certify, represent and agree that:

"Under penalty of perjury, all documents and information I have provided to Lender in connection with this Agreement, including the documents and information regarding my eligibility for the program, are true and correct."

If you are aware of fraud, waste, abuse, mismanagement or misrepresentations affiliated with the Troubled Asset Relief Program, please contact the SIGTARP Hotline by calling **1-877-SIG-2009** (toll-free), 202-622-4559 (fax), or [www.sig tarp.gov](http://www.sig tarp.gov). Mail can be sent to Hotline Office of the Special Inspector General for Troubled Asset Relief Program, 1801 L St. NW, Washington, DC 20220.



**Exhibit B**  
**MHA Hardship Affidavit**



## Making Home Affordable Program Hardship Affidavit

<b>BORROWER'S NAME</b>		<b>CO-BORROWER'S NAME</b>	
SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	DATE OF BIRTH
LOAN SERVICER		LOAN NUMBER	

PROPERTY ADDRESS (include city, state and zip): \_\_\_\_\_

<b>I want to:</b>	<input type="checkbox"/> <b>Keep the Property</b>	<input type="checkbox"/> <b>Sell the Property</b>
<b>The property is my:</b>	<input type="checkbox"/> <b>Primary Residence</b>	<input type="checkbox"/> <b>Second Home</b> <input type="checkbox"/> <b>Investment Property</b>
<b>The property is:</b>	<input type="checkbox"/> <b>Owner Occupied</b>	<input type="checkbox"/> <b>Renter occupied</b> <input type="checkbox"/> <b>Vacant</b>

### HARDSHIP AFFIDAVIT

I (We) am/are requesting review under the Making Home Affordable program. I am having difficulty making my monthly payment because of financial difficulties created by *(Please check all that apply)*:

- |   |   |
|---|---|
| <input type="checkbox"/> <b>My household income has been reduced.</b> For example unemployment, underemployment, reduced pay or hours, decline in business earnings, death, disability or divorce of a borrower or co-borrower.<br><input type="checkbox"/> <b>My expenses have increased.</b> For example: monthly mortgage payment reset, high medical or health care costs, uninsured losses, increased utilities or property taxes.<br><input type="checkbox"/> Other _____ | <input type="checkbox"/> <b>My monthly debt payments are excessive and I am overextended with my creditors.</b> Debt includes credit cards, home equity or other debt.<br><input type="checkbox"/> <b>My cash reserves, including all liquid assets, are insufficient to maintain the payment on my mortgage loan and cover basic living expenses at the same time.</b> |
|---|---|

**Explanation** (attach another page if necessary): \_\_\_\_\_

### INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the federal government in order to monitor compliance with federal statutes that prohibit discrimination in housing. **You are not required to furnish this information, but are encouraged to do so. The law provides that a lender or servicer may not discriminate either on the basis of this information, or on whether you choose to furnish it.** If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, the lender or servicer is required to note the information on the basis of visual observation or surname if you have made this request for a loan modification in person. **If you do not wish to furnish the information, please check the box below.**

<b>BORROWER</b> <input type="checkbox"/> I do not wish to furnish this information	<b>CO-BORROWER</b> <input type="checkbox"/> I do not wish to furnish this information
<b>Ethnicity:</b> <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	<b>Ethnicity:</b> <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
<b>Race:</b> <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White	<b>Race:</b> <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White
<b>Sex:</b> <input type="checkbox"/> Female <input type="checkbox"/> Male	<b>Sex:</b> <input type="checkbox"/> Female <input type="checkbox"/> Male
<b>To be Completed by Interviewer</b>	Interviewer's Name (print or type) & ID Number
This application was taken by: <input type="checkbox"/> Face-to-face interview <input type="checkbox"/> Mail <input type="checkbox"/> Telephone <input type="checkbox"/> Internet	Interviewer's Signature                      Date  Interviewer's Phone Number (include area code)
Name/Address of Interviewer's Employer	



**Exhibit C**  
**Trial Period Plan Notice (Stated Income)**

# HELPING YOU STAY IN YOUR HOME.



***You may be able to make your payments more affordable.  
Act now to get the help you need!***

[Servicer Logo]

[Date]

[Name]

[Address 1]

[Loan number]

[Address 2]

Dear \_\_\_\_\_

**Congratulations!** You are approved to enter into a trial period plan under the Home Affordable Modification Program! This is the first step towards lowering your mortgage payments. Please read this letter so that you understand all the steps you need to take now to lower your mortgage payments permanently.

### **What do I need to do first?**

To accept this offer, you must make a new monthly payment of \$\_\_\_\_\_ for the next three months of the trial period. This payment is due on the **first day** of each month. So your first payment is due \_\_\_\_\_, your second payment is due \_\_\_\_\_ and your third payment is due \_\_\_\_\_. Send these payments instead of your normal monthly mortgage payment.

### **Why is there a trial period?**

The trial period offers you immediate payment relief while we process the paperwork to determine if we can offer you a permanent loan modification. It also gives you time to make sure that you can manage the lower monthly mortgage payment. Please note that your existing loan and its requirements remain in effect and unchanged during the trial period.

### **How do I get a permanent modification?**

If you do not make each trial period payment in the month in which it is due, your loan may not be modified under the Home Affordable Modification Program.

In addition to making your trial period payments on time, you must send copies of all the documents that are checked below to \_\_\_\_\_, no later than \_\_\_\_\_ so that we can verify the financial information you already provided to us. Use the return envelope provided for your convenience. **If the documents are not received by [insert the due date again], this offer will end and your loan will not be modified.**

- 1.** Your first trial period payment of \$ \_\_\_\_\_,
- 2.** The enclosed [*Select one*] MHA Request for Modification & Affidavit (RMA) OR MHA Hardship Affidavit form completed and signed by all borrowers, and
- 3.** Signed and dated copy of the enclosed IRS Form 4506-T (Request for Transcript of Tax Return) for each borrower (borrowers who filed their tax returns jointly may send in one IRS Form 4506-T signed and dated by both of the joint filers), and



- **4. Documentation that will be used by us to verify the income of each borrower. This documentation includes:**

**For each borrower who receives a salary or hourly wages:**

- Copy of your two most recent pay stubs that show year-to-date earnings.

**For each borrower who is self-employed:**

- Most recent quarterly or year-to-date profit/loss statement.

**For each borrower who has income such as social security, disability or death benefits, pension, adoption assistance, public assistance, or unemployment:**

- Copy of benefits statement or letter from the provider that states the amount, frequency and duration of the benefit, and
- Two most recent bank statements showing receipt of such payment.

**For each borrower who is relying on alimony or child support as qualifying income\*:**

- Copy of divorce or other court decree; or separation agreement or other written agreement filed with the court that states the amount and period of time over which it will be received, and
- Two most recent bank statement showing receipt of such payment.

\* You are not required to disclose Child Support, Alimony or Separation Maintenance income, unless you choose to have it considered by your servicer.

**For borrowers who are current on their mortgage payments: [Optional – delete if not required by investor]**

- Copies of the most recently filed signed federal tax return with all schedules, including Schedule E—Supplemental Income and Loss.

If you have other types of income, cannot locate the required documents, or have questions about the paperwork required, please contact us at [1.000.000.0000].

Keep a copy of all documents for your records. Don't send original income documentation.

**IF YOU DO NOT MAKE YOUR TRIAL PERIOD PAYMENTS OR DO NOT PROVIDE ALL REQUIRED, SIGNED AND COMPLETED DOCUMENTATION FOR EACH BORROWER ON TIME, WE WILL NOT BE ABLE TO DETERMINE WHETHER YOU QUALIFY FOR THE HOME AFFORDABLE MODIFICATION PROGRAM.**

**If you have further questions about this trial period plan or the program, please call your servicer at**

**XXX-XXX-XXXX**

**Homeowner's HOPE™ Hotline**

If you have questions about the program that your servicer cannot answer or need further counseling, call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673). The Hotline can help with questions about the program and offers access to free HUD-certified counseling services in English and Spanish.



If you are aware of fraud, waste, mismanagement, or misrepresentations affiliated with the Troubled Asset Relief Program, please contact SIGTARP at 1-877-SIG-2009 (toll-free), 202-622-4559 (fax), or [www.sigtar.gov](http://www.sigtar.gov). Mail can be sent to Hotline Office of the Special Inspector General for Troubled Asset Relief Program, 1801 L St. NW, Washington, DC 20220.



## Additional Information

### What else should I know about this offer?

- If you make your new payments timely and submit the paperwork by the deadline, we will not conduct a foreclosure sale.
- You will not be charged any fees for this trial period plan or final modification.
- If your loan is modified, we will waive all unpaid late charges.
- Your credit score may be affected by accepting a trial period offer or modification. For more information about your credit score please go to <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm>.
- You may be required to attend credit counseling.

### How was my new payment in the trial period determined?

Your trial period payment is approximately 31% of your total gross monthly income, which you told us was \$\_\_\_\_\_. The new payment includes principal and interest and an escrow amount of \$\_\_\_\_\_ to pay property taxes, insurance and other permissible escrow fees. If we were able to modify your loan today, based on the information you gave us, we estimate your modified interest rate would be \_\_\_\_%. If we modify your loan permanently after the trial period, the interest rate may be different due to a variety of factors that affect the terms of your final modification. If you did not have an escrow account before, the timing of your tax and insurance bills may require that you make a payment to cover any such bills when they come due. This is known as an escrow shortage. Your loan has an escrow shortage of \$\_\_\_\_\_; this can either be paid in a lump sum when the loan is modified or over the next \_\_\_\_ years (or \_\_\_\_\_ months). If you wish to pay the total shortage as a lump sum, please contact us.

### What happens if my verified income is different from the amount I told you verbally?

During the trial period, we will verify your income based on the documentation you must provide. Your verified income will determine your eligibility for a permanent modification and its final terms. If your verified income is significantly higher than the income you told us, you may have to restart your trial period with a larger payment based on that higher income. Also, if your verified income is different from the amount you gave us verbally, you may no longer be eligible for a Home Affordable Modification.

### When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

Once we confirm you are eligible for a Home Affordable Modification and you make all of your trial period payments on time, we will send you a modification agreement detailing the terms of the modified loan. Any difference between the amount of the trial period payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment as that is determined based on your total monthly gross income, not your loan balance.

### Are there incentives that I may qualify for if am current with my new payments?

Once your loan is modified, you can earn a pay-for-success incentive for every month that you make on-time payments beginning with the trial period Payments. Depending on your modified monthly payment, you may accrue up to \$1,000 each year for five years for a total of \$5,000. This important benefit, *which will be applied to your principal balance each year after the anniversary date of your first trial period payment due date*, will help you earn equity in your home by reducing the amount that you owe. However, you must remain current on your loan. You will lose this benefit if your modified loan becomes 90 days delinquent.

### Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

Once your loan is modified, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage unless your initial modified interest rate is below current market interest rates. In that case, the below market interest rate will be fixed for five years. At the end of the fifth year, your interest rate may increase by 1% per year until it reaches a cap. The cap will equal the market rate of interest being charged

by mortgage lenders on the day your modification agreement is prepared (the Freddie Mac Primary Mortgage Market Survey Rate for 30-year, fixed-rate conforming mortgages). Once your interest rate reaches the cap, it will be fixed for the remaining life of your loan. Like your trial period payment, your new monthly payment will also include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowner's insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

**If you have any questions or if you cannot afford the trial period payments shown above, but want to remain in your home, or if you have decided to leave your home but still want to avoid foreclosure, please call us at ###-###-####. We may be able to help you.**

### **Additional Trial Period Plan Information and Legal Notices**

The terms of your trial period plan below are effective on the day you make your first trial period payment, provided you have paid it on or before \_\_\_\_\_ . You and we agree that:

- We will not proceed to foreclosure sale during the trial period, provided you are complying with the terms of the trial period plan, except as detailed below:
  - During trial period, any pending foreclosure action or proceeding will not be dismissed and may be immediately resumed if you fail to comply with the terms of the Trial Period Plan or do not qualify for a modification. A new notice of default, notice of intent to accelerate, notice of acceleration, or similar notice will not be necessary to continue the foreclosure action (foreclosure notices). You waive any and all rights to receive such foreclosure notices to the extent permitted by applicable law. However, if your property is located in Georgia, Hawaii, Missouri, or Virginia and a foreclosure sale is currently scheduled, the foreclosure sale will not be suspended and foreclosure may proceed if you do not make each and every trial period payment that is due through the end of the month preceding the month in which the foreclosure sale is scheduled to occur. For example, if a foreclosure sale is scheduled in February and you do not make your January and any earlier required trial period payment by the end of January, the foreclosure sale may proceed in these four states. If a foreclosure sale occurs pursuant to this provision, the Trial Period Plan will be deemed to have terminated.
- During the trial period, we may accept and post your trial period payments to your account and it will not affect foreclosure proceedings that have already been started.
  - The servicer's acceptance and posting of your new payment during the trial period will not be deemed a waiver of the acceleration of your loan or foreclosure action and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.
- If your monthly payment did not include escrows for taxes and insurance, you are now required to do so:
  - You agree that any prior waiver that allowed you to pay directly for taxes and insurance is revoked. You agree to establish an escrow account and to pay required escrows into that account.
- Your current loan documents remain in effect; however, you may make the trial period payment instead of the payment required under your loan documents:
  - You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

**Exhibit D**  
**Trial Period Plan Notice (Verified Income)**

# HELPING YOU STAY IN YOUR HOME.



***You may be able to make your payments more affordable.  
Act now to get the help you need!***

[Servicer Logo]

[Date]

[Name]

[Address 1]

[Address 2]

[Loan number]

Dear \_\_\_\_\_

**Congratulations!** You are approved to enter into a trial period plan under the Making Home Affordable program! This is the first step towards lowering your mortgage payments. Please read this letter so that you understand all the steps you need to take now to lower your mortgage payments permanently.

### **What do I need to do first?**

To accept this offer, you must make a new monthly payment of \$\_\_\_\_\_ for the next three months of the trial period. This payment is due on the first day of each month. So your first payment is due \_\_\_\_\_, your second payment is due \_\_\_\_\_ and your third payment is due \_\_\_\_\_. Send these payments instead of your normal monthly mortgage payment.

### **Why is there a trial period?**

The trial period offers you immediate payment relief and it gives you time to make sure that you can manage the lower monthly mortgage payment. Please note that your existing loan and its requirements remain in effect and unchanged during the trial period.

### **How do I get a permanent modification?**

You must make all of your trial period payments by their due dates; if you do not make each of your trial period payments in the month in which it is due, **your loan will not be modified under Making Home Affordable.**

**If you have further questions about this trial period plan or the program, please call your servicer at  
XXX-XXX-XXXX**

### **Homeowner's HOPE™ Hotline**

If you have questions about the program that your servicer cannot answer or need further counseling, call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673). The Hotline can help with questions about the program and offers access to free HUD-certified counseling services in English and Spanish.



If you are aware of fraud, waste, mismanagement, or misrepresentations affiliated with the Troubled Asset Relief Program, please contact SIGTARP at 1-877-SIG-2009 (toll-free), 202-622-4559 (fax), or [www.sigtar.gov](http://www.sigtar.gov). Mail can be sent to Hotline Office of the Special Inspector General for Troubled Asset Relief Program, 1801 L St. NW, Washington, DC 20220.



## Additional Information

### What else should I know about this offer?

- If you make your new payments timely, we will not conduct a foreclosure sale.
- You will not be charged any fees for this Trial Period Plan or final modification.
- If your loan is modified, we will waive all unpaid late charges.
- Your credit score may be affected by accepting a trial period offer or modification. For more information about your credit score please go to <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm>.
- You may be required to attend credit counseling.

### How was my new payment in the trial period determined?

Your trial period payment is approximately 31% of your total gross monthly income, which is \$\_\_\_\_\_. The new payment includes principal and interest and an escrow amount of \$\_\_\_\_\_ to pay property taxes, insurance and other permissible escrow fees. If we were able to modify your loan today, based on the information you gave us, we estimate your modified interest rate would be \_\_\_\_%. If we modify your loan permanently after the trial period, the interest rate may be different due to a variety of factors that affect the terms of your final modification. If you did not have an escrow account before, the timing of your tax and insurance bills may require that you make a payment to cover any such bills when they come due. This is known as an escrow shortage. Your loan has an escrow shortage of \$\_\_\_\_\_; this can either be paid in a lump sum when the loan is modified or over the next \_\_\_\_ years (or \_\_\_\_\_ months). If you wish to pay the total shortage as a lump sum, please contact us.

### When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

Once you make all of your trial period payments on time, we will send you a modification agreement detailing the terms of the modified loan. Any difference between the amount of the trial period payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment as that is determined based on your total monthly gross income, not your loan balance.

### Are there incentives that I may qualify for if am current with my new payments?

Once your loan is modified, you can earn a pay-for-success incentive for every month that you make on-time payments beginning with the trial period payments. Depending on your modified monthly payment, you may accrue up to \$1,000 each year for five years for a total of \$5,000. This important benefit, *which will be applied to your principal balance each year after the anniversary date of your first trial period payment due date*, will help you earn equity in your home by reducing the amount that you owe. However, you must remain current on your loan. You will lose this important benefit if your modified mortgage becomes 90 days delinquent.

### Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

Once your loan is modified, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage unless your initial modified interest rate is below current market interest rates. In that case, the below market interest rate will be fixed for five years. At the end of the fifth year, your interest rate may increase by 1% per year until it reaches a cap. The cap will equal the market rate of interest being charged by mortgage lenders on the day your modification agreement is prepared (the Freddie Mac Primary Mortgage Market Survey Rate for 30-year, fixed-rate conforming mortgages). Once your interest rate reaches the cap, it will be fixed for the remaining life of your loan. Like your trial period payment, your new monthly payment will also include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowner's insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

**If you have any questions or if you cannot afford the trial period payments shown above, but want to remain in your home, or if you have decided to leave your home but still want to avoid foreclosure, please call us at ###-###-####. We may be able to help you.**

### **Additional Trial Period Plan Information and Legal Notices**

The terms of your trial period plan below are effective on the day you make your first trial period payment, provided you have paid it on or before \_\_\_\_\_. You and we agree that:

- We will not proceed to foreclosure sale during the trial period, provided you are complying with the terms of the trial period plan, except as detailed below:
  - During trial period, any pending foreclosure action or proceeding will not be dismissed and may be immediately resumed if you fail to comply with the terms of the trial period plan or do not qualify for a modification. A new notice of default, notice of intent to accelerate, notice of acceleration, or similar notice will not be necessary to continue the foreclosure action (foreclosure notices). You waive any and all rights to receive such foreclosure notices to the extent permitted by applicable law. However, if your property is located in Georgia, Hawaii, Missouri, or Virginia and a foreclosure sale is currently scheduled, the foreclosure sale will not be suspended and foreclosure may proceed if you do not make each and every trial period payment that is due through the end of the month preceding the month in which the foreclosure sale is scheduled to occur. For example, if a foreclosure sale is scheduled in February and you do not make your January and any earlier required trial period payment by the end of January, the foreclosure sale may proceed in these four states. If a foreclosure sale occurs pursuant to this provision, the trial period plan will be deemed to have terminated.
- During the trial period, we may accept and post your trial period payments to your account and it will not affect foreclosure proceedings that have already been started.
  - The servicer's acceptance and posting of your new payment during the trial period will not be deemed a waiver of the acceleration of your loan or foreclosure action and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.
- If your monthly payment did not include escrows for taxes and insurance, you are now required to do so:
  - You agree that any prior waiver that allowed you to pay directly for taxes and insurance is revoked. You agree to establish an escrow account and to pay required escrows into that account.
- Your current loan documents remain in effect; however, you may make the trial period payment instead of the payment required under your loan documents:
  - You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the trial period plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.