Supplemental Directive 12-05 ***August 7, 2012***

Making Home Affordable Program –Administrative Clarifications

In February 2009, the Obama Administration introduced the Making Home Affordable (MHA) Program to stabilize the housing market and to 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 December 15, 2011, Treasury issued version 3.4 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 or guaranteed by Fannie Mae and Freddie Mac (Non-GSE Mortgages).

On March 9, 2012, Treasury issued Supplemental Directive 12-02 extending the deadline for the MHA Program to the end of 2013 and expanding the population of homeowners that may be eligible for the Home Affordable Modification Program (HAMP), Home Affordable Unemployment Program (UP), the Home Affordable Foreclosure Alternatives (HAFA) Program, and the Second Lien Modification Program (2MP). On April 17, 2012, Treasury issued Supplemental Directive 12-03, which provided mapping of the *Handbook* for the guidance provided in Supplemental Directive 12-02 and further administrative clarifications on the expanded guidance for HAMP, UP and HAFA.

In this Supplemental Directive, Treasury is making further administrative clarifications and updates to HAMP and HAFA. 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. Except as stated herein, this Supplemental Directive is effective immediately.

This guidance does not apply to mortgage loans that are owned or guaranteed by Fannie Mae or Freddie Mac, insured or guaranteed by the Veterans Administration, insured or guaranteed by the Department of Agriculture's Rural Housing Service (RHS) or the Federal Housing Administration (FHA).

This Supplemental Directive covers the following topics:

- Servicer Participation Agreement
- HAMP Clarifications
- HAFA Clarifications
- *Handbook* Mapping Clean-Up

Servicer Participation Agreement

Servicer Point of Contact for Notices

Section 9 of the SPA identifies for each party one or more points of contact for receipt of legal notices under the SPA. Section 9 also permits each party to designate a different point of contact in writing. If the Program Administrator is informed by a representative of a servicer that the individual identified in Section 9 of a SPA as the servicer's point of contact is no longer available to receive legal notices on behalf of that servicer (for example, because he or she has left the servicer organization), then unless and until the servicer designates a different point of contact for purposes of Section 9 to the Program Administrator in writing, legal notices under Section 9 from the Program Administrator to the servicer may also be sent to the person(s) designated as the "Primary Contact" and/or "Secondary Contact" in the then-current HAMP Registration Form on file with the Program Administrator for such servicer.

HAMP Clarifications

Prescreening Borrowers

As required in Section 2.2.3 of Chapter II of the *Handbook*[1], the servicer is not required to send an Initial Package to a borrower if, as a result of discussions with the borrower or based on information in the servicer's possession, the servicer determines that the borrower does not meet the applicable eligibility criteria for HAMP as described in Section 1 of Chapter II of the *Handbook*. Such guidance is clarified to provide that a servicer is not required to send an Initial Package to a borrower requesting assistance as an owner occupant if, as a result of such discussions or information, the servicer determines that the borrower's estimated monthly mortgage payment (as described in Section 6.1.2 of Chapter II of the *Handbook*) is less than 20 percent of the borrower's gross monthly income. If Right Party Contact is established and the borrower does not disclose financial information over the phone, but expresses an interest in HAMP, the servicer must send a written communication to the borrower via regular or electronic mail that clearly describes the Initial Package, per the requirements outlined in Ch. II, Sec. 2.2.2 and must assign a relationship manager. A servicer may not base its determination that a borrower does not meet basic HAMP eligibility on the fact that the borrower chose not to provide financials orally.

Imminent Default

As set forth in Section 4.4 of Chapter II of the *Handbook*, a borrower who is current or has only one payment due and unpaid by the end of the month in which it is due and who contacts the servicer to request HAMP consideration must be evaluated to determine if he or she is at risk of imminent default. This Supplemental Directive clarifies that the phrase "one payment due and unpaid by the end of the month in which it is due" refers to borrowers who are less than 60 days delinquent. Section 4.4 goes on to state that each servicer must have written standards for determining imminent default that are consistent with applicable contractual agreements and

[1] All references to the *Handbook* are references to the format of the *Handbook* as shown in the mapping attached to Supplemental Directive 12-03.

accounting standards and are applied equally to all borrowers. This Supplemental Directive provides that the servicer's imminent default policy may, if consistent with investor guidelines, include a determination that any borrower that is at least 15 days delinquent, has documented a financial hardship, and has represented that he or she does not have sufficient liquid assets to make the monthly mortgage payment is at risk of imminent default and will be evaluated for a HAMP modification. The mortgage file and/or servicing system must contain evidence of this determination.

Multiple Modifications

The guidance set forth in Supplemental Directive 12-02 limited the total number of HAMP modifications a borrower may have to four - one modification under HAMP Tier 1 and three modifications under HAMP Tier 2. This Supplemental Directive increases the number of modifications a borrower may receive under HAMP as follows:

Borrowers may receive permanent HAMP modifications on mortgages secured by up to six properties.

Specifically, a borrower may receive one permanent modification under HAMP Tier 1 or HAMP Tier 2 on the loan secured by his or her owner-occupied property. If the borrower loses good standing on a HAMP Tier 1 modification, the borrower may also receive a HAMP Tier 2 permanent modification of the same loan.

Furthermore, a borrower may receive one HAMP Tier 2 permanent modification with respect to each of five other properties that meet HAMP Tier 2 eligibility requirements. The guidance set forth in Supplemental Directive 12-03 continues to remain that a borrower seeking a modification of a loan secured by a rental property must certify, among other things, that he or she does not own more than five single family properties (as defined in the *Handbook* as a one-to four-unit property) in addition to his or her principal residence.

A borrower is considered to have received a permanent modification with respect to a property if he or she is obligated as a borrower or co-borrower on the note or mortgage secured by that property.

Servicers may implement this change immediately but must implement it by September 30, 2012.

Continued Eligibility and Change in Circumstance

Section 1.2 of Chapter II of the *Handbook* describes certain factors that may affect a borrower's HAMP eligibility, including "Continued Eligibility due to Change in Circumstance" and "Loss of Eligibility". Specifically, this language provides that a borrower may reject a modification offer by failing to make the first trial period payment and a servicer's obligation to offer the borrower a HAMP modification is considered satisfied and the borrower is not eligible for a subsequent offer under the applicable HAMP Tier if the borrower received a HAMP offer and failed to make one or more payments.

This Supplemental Directive restates eligibility for HAMP as follows:

- A borrower who fails to make the first trial payment under a trial period plan for either HAMP Tier 1 or Tier 2 is deemed to have not accepted the offer. The loan may be considered again for HAMP if, at some future time, the borrower experiences a change in circumstance.

- A borrower who defaults after making one or more HAMP Tier 1 trial period payment(s) and later requests HAMP consideration must be considered for a HAMP Tier 2 trial period plan on the same mortgage loan even if the borrower does not demonstrate a change in circumstance.

- A borrower who defaults after making one or more HAMP Tier 2 trial period payment(s) is not eligible for further consideration under HAMP on the same mortgage loan.

This Supplemental Directive further clarifies the provisions of Section 9.4 of Chapter II of the *Handbook* with respect to HAMP Tier 2 eligibility following a loss of good standing on a HAMP Tier 1 permanent modification. A loan permanently modified under HAMP Tier 1 that loses good standing may be eligible to receive a HAMP Tier 2 modification on the earlier of (i) the date that is 12 months after the effective date of the HAMP Tier 1 permanent modification or (ii) following a change in circumstance.

This Supplemental Directive also provides that absent a change in circumstance, a servicer is not required to re-evaluate a loan for HAMP Tier 1 if the loan was evaluated for HAMP Tier 1 prior to June 1, 2012 and determined to be ineligible. However, upon receipt of a request from the borrower whose loan was evaluated for HAMP Tier 1 prior to June 1, 2012 and determined to be ineligible, the servicer is required to evaluate that loan for HAMP Tier 2 without requiring the borrower to demonstrate a change in circumstance. Servicers are reminded that they must have an internal written policy which defines what they consider a change in circumstance, which policy must be consistently applied for all similarly situated borrowers.

Servicers may implement these changes immediately but must implement them by September 30, 2012.

Protections Against Unnecessary Foreclosure

Section 3.3 of Chapter II of the *Handbook* provides that when a borrower submits a request for HAMP consideration no later than midnight of the seventh business day prior to the scheduled foreclosure sale date (Deadline), the servicer must suspend the foreclosure sale as necessary to evaluate the borrower for HAMP. Section 3.3 also describes the circumstances under which a servicer is not required to suspend the foreclosure sale.

This Supplemental Directive amends that guidance with respect to subsequent evaluation of a borrower for HAMP Tier 2 by providing that a servicer must suspend the foreclosure sale as necessary to evaluate the borrower for HAMP Tier 2 (either if done automatically by the servicer or if the borrower submits a request prior to the Deadline) and any of the following conditions exist:

1. the borrower received a HAMP Tier 1 permanent modification and lost good standing and either (i) 12 months have passed since the effective date of the permanent modification or (ii) the borrower has experienced a change of circumstance;
2. the borrower received a HAMP Tier 1 trial period plan offer but failed to make the first payment under the trial period plan by the last day of the month in which it was due and has experienced a change in circumstance;
3. the borrower defaulted on a HAMP Tier 1 trial period plan on such loan after making one or more payments; or
4. the borrower was previously evaluated for HAMP Tier 1 on such loan but was determined to be ineligible.

A servicer is not required to suspend a foreclosure sale when a request for HAMP Tier 1 or Tier 2 consideration is received after the Deadline.

Underwriting

This Supplemental Directive provides the following clarifications and amendments regarding underwriting which servicers may implement immediately but must implement by September 30, 2012.

<u>Displaced Borrower Rental Income</u>

As described in Section 1.1.2 of Chapter II of the *Handbook*, a borrower displaced from his or her principal residence may be eligible for a HAMP Tier 1 modification provided the borrower occupied the property as a principal residence immediately prior to the displacement, intends to re-occupy the property in the future, and does not own any other single family real estate.

This Supplemental Directive clarifies that such a borrower may rent out the property from which he or she is displaced and any rental income generated by a borrower who rents out his or her principal residence during a period of displacement must be considered when determining such borrower's eligibility for HAMP. Specifically, if a displaced borrower rents out the property from which the borrower has been displaced, the monthly gross rent charged by the borrower multiplied by 75 percent (to take into account potential costs associated with management and vacancy loss) should be added to the borrower's gross monthly income. If a borrower is paying rent to lease a home in his or her new location and is requesting a modification of his or her principal residence from which the borrower was displaced, such rent contributes to the borrower's total housing expense. It should be included with the association dues for purposes of both the NPV Model and the HAMP Reporting Tool.

Non-Borrower Household Income

Section 5.1.9 of Chapter II of the *Handbook* provides that, for a loan secured by a rental property, only non-borrower household income from the borrower's spouse or domestic partner may be considered as non-borrower income for determining whether the borrower is eligible for HAMP Tier 2. This Supplemental Directive amends such guidance to conform with the non-borrower income guidance applicable to HAMP Tier 1. Accordingly, servicers may only consider non-borrower household income from a person who resides in the borrower's principal residence and supports the borrower's ability to pay his or her mortgage debt.

Modification of a Loan Secured by Rental Property

This Supplemental Directive deletes the requirement in Section 5.1.6.2 of Chapter II of the *Handbook* that servicers should include all net income or loss from the rental property that is the subject property (i.e., the property securing the loan being considered for a modification). As set forth in Section 6.2 of Chapter II of the *Handbook*, with respect to a subject rental property, net rental income will continue to be considered as part of the borrower's gross income while net rental loss will be considered as part of the borrower's total housing expense.

Income Calculation for Loans Secured by Rental Properties

Sections 5.1.6.2 and 6.2 of Chapter II of the *Handbook* provide guidance for calculating the monthly gross income and total housing expense for a borrower seeking a modification of a loan secured by a rental property. This Supplemental Directive clarifies that when a borrower is seeking to modify a rental property, the net rental income or loss calculation is monthly gross rent multiplied by 75 percent less the post-modification monthly mortgage payment (i.e., principal, interest, taxes, insurance and, if applicable, association fees as well as escrow shortages subject to a repayment plan).

- Net rental income is added to the borrower's monthly gross income from all other sources.
- Net rental loss from the subject property is applied to the monthly mortgage payment of the borrower's principal residence.

To be clearer, when the Base NPV Model is verifying that the post-modification DTI is between 25 percent and 42 percent, the Base NPV Model will utilize the post-modification net rental income/loss and post-modification housing expense.

Total Housing Expense

Section 6.2 of Chapter II of the *Handbook* provides guidance on calculating total housing expense for a borrower seeking a modification on a loan secured by a rental property. Specifically, in all cases where the borrower is seeking a modification of a loan secured by a rental property, the borrower's personal housing expense must be part of the total housing expense that is used in the calculation of the monthly mortgage payment ratio. This Supplemental Directive clarifies the existing guidance as follows:

- If the borrower is paying rent for a property occupied but not owned by the borrower, and the borrower is requesting modification of a loan secured by a separate rental property, the full amount of the rent paid by the borrower must be included in the borrower's total housing expense.

- If there is a net rental loss from the subject rental property, the loss is added to the rent paid on the property occupied but not owned by the borrower.

- If there is no rental income from the subject rental property, the monthly mortgage payment of the subject rental property (i.e., principal, interest, taxes, insurance, association dues, if applicable, and any escrow shortages that are subject to a repayment plan) is added to the rent paid on the property occupied but not owned by the borrower.

- If there is net rental loss or no rental income from the subject rental property and the borrower has no rental expense for the property he or she occupies but does not own, the net rental loss or the monthly mortgage payment of the subject rental property, as applicable, is the borrower's total housing expense.

- If there is net rental income from the subject rental property and the borrower has no rental expense for the property he or she occupies but does not own, the borrower will be ineligible for a HAMP modification because the borrower has no housing expense and the monthly mortgage payment ratio will be zero.

<u>Escrow Shortages and Mortgage Payment Ratio</u>

Section 6.1.2 of Chapter II of the *Handbook* provides that in calculating the monthly mortgage payment to be used in the monthly mortgage payment ratio, the escrow payment shortage amounts that are subject to a repayment plan should be included. This Supplemental Directive clarifies such guidance to provide that for purposes of calculating the monthly mortgage payment (i) for a subject property, servicers should include escrow shortages that are subject to a repayment plan and (ii) for a non-subject property, servicers should not include such escrow shortages. In either case, escrow shortfalls should not be considered when calculating income.

NPV and Modification Waterfalls

This Supplemental Directive provides the following clarifications and reminders regarding NPV analysis and the modification waterfalls:

- A borrower who defaults on a HAMP Tier 1 trial period plan may be considered for HAMP Tier 2. This Supplemental Directive clarifies that when a borrower is re-evaluated for HAMP Tier 2 within 30 days of a default under a HAMP Tier 1 trial period plan, the servicer should use the same income and debt documentation and property value assessments used in the HAMP Tier 1 evaluation. If the HAMP Tier 2 evaluation is more than 30 days after the date on which the borrower defaults on the HAMP Tier 1 trial period plan, the servicer must obtain updated income and debt information and property value assessments for the HAMP Tier 2 evaluation.

- Section 6.3.2 of Chapter II of the *Handbook* describes the HAMP Tier 2 standard modification waterfall steps that the Base NPV Model applies to determine the eligibility of borrowers seeking HAMP Tier 2 modifications. Servicers may not adjust the set Tier 2 parameters, except in those cases where an investor restriction or applicable law requires them to do so. This Supplemental Directive provides that if a servicer wishes to change the Tier 2 standard modification waterfall steps to offer the borrower more generous terms (e.g., lower interest rate, greater forgiveness or forbearance amount), the servicer must document its proposal and submit it through the formal waiver and exception process for consideration by Treasury. If approved, the altered terms must be offered equally to all similarly situated borrowers identified in the waiver request. If a borrower fails to qualify for a trial period plan under an approved altered waterfall, the servicer must re-evaluate the borrower using the standard HAMP Tier 2 modification waterfall and, if that analysis is NPV positive, the servicer must offer the borrower a HAMP Tier 2 trial period plan.

- Where an investor or legal restriction restricts or prohibits any modification step in a standard or alternative waterfall, Section 6.5 of Chapter II of the *Handbook* requires the servicer to complete the waterfall step subject to the investor restriction or to skip it. This Supplemental Directive clarifies that if the investor or applicable law prohibits the servicer from permanently reducing the note rate or, in the case of HAMP Tier 1, from reducing the rate for at least five years, such a restriction would make it infeasible to complete the interest rate reduction step. In such cases, the servicer should skip the rate reduction step or, in the case of HAMP Tier 2, should utilize the applicable override in Base NPV model and continue the evaluation using the note rate of interest.

- Prior to performing an NPV analysis on all loans, servicers must complete the escrow analysis and use the information derived from that analysis to calculate the UPB as of the "Data Collection Date" (i.e., the date on which the Unpaid Principal Balance and other data used in the NPV analysis was collected). Servicers are further reminded that when running NPV to evaluate borrowers for HAMP Tier 1 and Tier 2, they should not project UPB to a future date, but should use the current UPB amount as of the Data Collection Date.

This Supplemental Directive provides the following clarifications and amendments regarding NPV analysis and the modification waterfall(s). This guidance may be implemented immediately but must be implemented by September 30, 2012.

- For all HAMP Tier 2 loans on which the servicer will offer a trial period plan the servicer must run a stand-alone HAMP Tier 2 modification waterfall outside of the Base NPV Model to determine the monthly trial period plan payment. When calculating this amount, the servicer should calculate the projected capitalized UPB by projecting the total non-interest arrearages and delinquent interest that will accrue between the Data

Collection Date and the anticipated permanent modification effective date. The servicer should use the projected capitalized UPB to determine the HAMP Tier 2 trial period payment. The trial period plan P&I payment should be very close to the permanent modification payment. The amount of the re-calculated trial period plan payment will not impact eligibility.

- This Supplemental Directive clarifies that when determining a loan's unpaid principal balance (UPB) for deciding whether to evaluate the loan under the applicable alternative waterfall, (i) for HAMP Tier 1, servicers should include any amount that would be capitalized in accordance with Section 6.3.1.1 of Chapter II of the *Handbook* and (ii) for HAMP Tier 2, the Base NPV Model will not include the amount capitalized in accordance with Section 6.3.2.1 of Chapter II of the *Handbook*.

- Current guidance in Section 7 of Chapter II of the *Handbook* provides that when a loan is NPV negative for both HAMP Tier 1 and HAMP Tier 2, the servicer may, based on investor guidance, offer a trial period plan under either HAMP Tier 1 or Tier 2 (provided other eligibility requirements are met). This Supplemental Directive provides that servicers must develop written policies identifying the circumstances under which they would offer a modification and the conditions under which modifications of each HAMP Tier would be offered. Servicers must apply these policies consistently to all borrowers.

HAFA Clarifications

Dodd-Frank Certification

This Supplemental Directive makes clear that regardless of whether the borrower is receiving the HAFA relocation assistance, the borrower must deliver an executed Dodd Frank Certification in order to participate in HAFA.

Consideration of Borrower for HAFA

Section 3.3 of Chapter IV of the Handbook includes a requirement that a possible HAMP-eligible borrower be considered for HAFA within 30 calendar days of the date the borrower is delinquent on a HAMP modification by missing at least two consecutive payments and is not being evaluated for another modification. This Supplemental Directive makes clear that a servicer must consider a possible HAMP-eligible borrower for HAFA within 30 calendar days of the date the borrower loses good standing on a HAMP modification as long as the borrower is not being evaluated for another modification (i.e., HAMP Tier 2 or proprietary modification). Servicers may implement this change immediately but must implement it by September 30, 2012.

Relocation Assistance

This Supplemental Directive clarifies that, in the case of a rental property occupied by a tenant or other non-borrower occupant, the entire $3,000 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, and may not be reduced to pay any costs and expenses of the tenant or other non-borrower occupant, and no portion may be retained by the borrower.

This Supplemental Directive also clarifies that 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.

Deed-in-Lieu of Foreclosure Agreement Clean-Up

The form of the Deed-in-Lieu of Foreclosure Agreement (DIL Agreement) posted on HMPadmin.com is being amended to clean up the language in the first bullet on page 1 under the paragraph entitled "Title" as follows: "You must also be able to deliver marketable title free of any other liens. We will contribute up to $8,500 toward paying off any subordinate mortgage lien holders."

Handbook Mapping Clean-Up

The mapping attached hereto as Exhibit A includes the following clean-up items to the *Handbook* that were not included in the mapping attached to Supplemental Directive 12-03:

- The first paragraph in Section 1.1.3 of Chapter II of the *Handbook* is amended to add the clause "if applicable" at the termination of such section to provide clarity as to the eligibility for HAMP Tier 2.

- The requirement that all Non-Approval Notices include an e-mail address and mailing address for communicating with the servicer if the borrower wishes to dispute the reasons for a non-approval determination and to submit written evidence is moved from the fifth paragraph of Section 2.3.2 of Chapter II of the *Handbook* to the first paragraph of such section as the fourth bullet.

- The NPV Input Data Fields and Values table which is part of Exhibit A to the *Handbook*, is amended (i) to correct a numbering error; and (ii) in the case of the "Monthly Gross Income" and "Principal and Interest Payment before Modification" fields, to reflect the descriptions for such fields as is consistent with the NPV model.

- The list of "Model Clauses for Borrower Notices" in Exhibit A of the *Handbook* is revised to clarify the text of the model clauses in Item 17. This Supplemental Directive also revises Item 14 to provide that if a modification is denied because the post-modification debt to income (DTI) ratio is outside of the required range, the servicer need only inform the borrower that the DTI falls outside the range and is not required to inform the borrower whether the DTI falls above or below the range.

- Supplemental Directive 12-03 clarified that a borrower in a HAMP permanent modification that is in good standing is not eligible for an UP forbearance plan. This guidance was inadvertently omitted from the mapping of the *Handbook* attached to

Supplemental Directive 12-03. Exhibit A attached to this Supplemental Directive incorporates the mapping for such guidance.

- Current policy is that any servicer, regardless of the size of their servicing book has the option, subject to the requirements described in the *Handbook* to recode the Base NPV model. Section 7.3 of Chapter II of the *Handbook* is amended to be consistent with this policy.

Exhibit A

MHA Handbook Mapping

I. CONFORMING CHANGES TO EXISTING 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. Note – the original text that is being amended can be found in Exhibit A of Supplemental Directive 12-03.

A. Section 1.1 of Chapter I is amended to add the following as the last paragraph of such Section:

Section 9 of the SPA identifies for each party one or more points of contact for receipt of legal notices under the SPA. Section 9 also permits each party to designate a different point of contact in writing. If the Program Administrator is informed by a representative of a servicer that the individual identified in Section 9 of a SPA as the servicer's point of contact is no longer available to receive legal notices on behalf of that servicer (for example, because he or she has left the servicer organization), then unless and until the servicer designates a different point of contact for purposes of Section 9 to the Program Administrator in writing, legal notices under Section 9 from the Program Administrator to the servicer may also be sent to the person(s) designated as the "Primary Contact" and/or "Secondary Contact" in the then-current HAMP Registration Form on file with the Program Administrator for such servicer.

B. Section 2.2 of Chapter I is amended by adding the following bullet point after the 19th bullet in the current bulleted list:

- *As outlined in Section 7 of Chapter II, written policies identifying the circumstances under which the servicer would offer a modification and the conditions under which modifications of each tier would be offered for cases where NPV results are negative for both HAMP Tier 1 and HAMP Tier 2 and the servicer elects, based on investor guidance, to offer a TPP under either HAMP Tier 1 or Tier 2 (provided other eligibility requirements are met).*

C. The first paragraph in Section 1.1.3 of Chapter II is amended as follows:

A mortgage loan may be eligible for HAMP Tier 2 if (i) the borrower satisfies the basic eligibility criteria for HAMP set forth in Section 1.1.1; (ii) the loan did not satisfy the criteria in Section 1.1.2 for HAMP Tier 1 or, upon evaluation for a HAMP Tier 1 modification, failed to receive a modification under HAMP Tier 1; and (iii) the following criteria are met, *if applicable*:

D. The 11th row of the table in Section 1.2 of Chapter II is amended as follows:

Continued Eligibility due to Change in Circumstance	A mortgage loan that (i) has been evaluated for HAMP, but does not meet the minimum eligibility criteria described in Sections 1.1.1 and, either, 1.1.2 or 1.1.3, or (ii) meets the applicable minimum eligibility criteria, but is not qualified for HAMP by virtue of a negative NPV test result, excessive forbearance or other financial reason may be reconsidered for HAMP at a future time if the borrower experiences a change in circumstance. *Notwithstanding the foregoing, a borrower who defaults after making one or more HAMP Tier 1 trial period payment(s) and later requests HAMP consideration must be considered for a HAMP Tier 2 TPP on the same mortgage loan even if the borrower does not demonstrate a change in circumstance.* If a borrower receives a HAMP Tier 2 TPP or permanent modification and defaults or loses good standing thereon, respectively, the borrower cannot be considered under this section for a HAMP Tier 1 modification with respect to the same mortgage loan. A borrower that rejects a modification offer for a mortgage loan under HAMP (Tier 1 and/or Tier 2) is not eligible for future consideration under either Tier for the same mortgage loan unless the borrower experiences a change in circumstance. However, the mortgage loan must be considered for other available loss mitigation options, including HAFA. A borrower may reject a modification offer (i) orally or in writing; (ii) by failing to make the first TPP payment; (iii) by failing to execute and return the permanent modification agreement after having made all required TPP payments. *A borrower who fails to make the first trial period payment under a TPP for either HAMP Tier 1 or Tier 2 is deemed to have not accepted the offer. The loan may be considered again for HAMP if, at some future time, the borrower experiences a change in circumstance.* Servicers must have an internal written policy which defines what the servicer considers a change in circumstance and outlines when a borrower will be re-evaluated for HAMP. Servicers may limit the number of reconsideration requests in accordance with its written policy and must apply the policy consistently for all similarly situated borrowers. The servicer's policy must allow a borrower to request re-evaluation based on a change in circumstance at least one time. Notwithstanding the foregoing, a mortgage loan that was *determined ineligible for a* ~~evaluated for but not offered~~ a HAMP Tier 1 modification prior to June 1, 2012, *absent a change of circumstances* ~~for the reasons described herein~~, must, upon receipt

	of a request from a borrower on or after June 1, 2012, be ~~considered~~ *evaluated* for ~~at least one re-evaluation for~~ HAMP *Tier 2* without need to show a change in circumstances. A servicer may reconsider a borrower multiple times if the borrower claims multiple changes in circumstance. In addition to the policy regarding consideration of a borrower with a change in circumstance, servicers must continue to allow a borrower to request re-evaluations based on disputed NPV inputs in accordance with the guidance set forth in Section 2.3.2.1. Any determination regarding whether a change of circumstance has or has not occurred must be communicated to the borrower and documented in the mortgage file and/or servicing system.

E. The 12th row of the table in Section 1.2 of Chapter II is amended as follows:

Loss of Eligibility	HAMP Tier 1 - A servicer's obligation to offer the borrower a HAMP Tier 1 modification is considered satisfied, and the borrower is not eligible for a subsequent offer under HAMP Tier 1, if (i) the borrower received a HAMP Tier 1 or HAMP Tier 2 modification of the loan and lost good standing (as defined in Section 9.4); or (ii) the borrower received a HAMP Tier 1 or HAMP Tier 2 TPP offer on such loan and, *after making the first trial period payment,* failed to make one or more *of the remaining trial period* payments by the last day of the month in which it was due; or (iii) for TPPs with effective dates prior to June 1, 2010, the borrower failed to provide all required documents by the end of the trial period. *In cases where a borrower defaults after making one or more HAMP Tier 1 trial period payment(s), the borrower must, upon requesting HAMP consideration, be considered for a HAMP Tier 2 trial period plan on the same mortgage loan even if the borrower does not demonstrate a change in circumstance.* HAMP Tier 2 - A servicer's obligation to offer the borrower a HAMP Tier 2 modification on a loan is considered satisfied, and the borrower is not eligible for a subsequent offer under HAMP Tier 2 on such loan, if (i) the borrower received a HAMP Tier 2 modification on such loan and lost good standing (as defined in Section 9.4); or (ii) the borrower received a HAMP Tier 2 TPP offer on such loan and, *after making the first TPP payment,* failed to make one or more *of the remaining trial period* payments by the last day of the month in which it was due. *If a borrower fails to make the initial TPP payment under HAMP Tier 2, they may be considered for another HAMP Tier 2 TPP on the same loan if they can demonstrate a change of circumstance.*

F. The 15th row of the table in Section 1.2 of Chapter II is amended as follows:

Limit on Multiple Modifications	An individual, as a borrower or co-borrower, may receive *permanent HAMP modifications on mortgages secured by up to six properties.* ~~only one modification under HAMP Tier 1 and.~~ *Specifically, a borrower may receive one permanent modification under either HAMP Tier 1 or HAMP Tier 2 on the loan secured by his or her owner-occupied property. If the borrower loses good standing on a HAMP Tier 1 modification, the borrower may also receive a HAMP Tier 2 permanent modification of the same loan. Furthermore, a borrower may receive one HAMP Tier 2 permanent modification with respect to each of five other properties that meet the HAMP Tier 2 eligibility requirements. A borrower is considered to have received a permanent modification with respect to a property if he or she is obligated as a borrower or co-borrower on the note or mortgage secured by that property. A borrower* may not be reconsidered for HAMP Tier 1 after failing a HAMP Tier 1 TPP or losing good standing on a HAMP Tier 1 or HAMP Tier 2 permanent modification on the subject property. ~~For example,~~ *Therefore,* if a husband and wife modify under HAMP Tier 1 the loan secured by their principal residence and the husband and son are co-borrowers on a loan secured by the son's principal residence, the servicer may only offer a modification under HAMP Tier 2 for the loan secured by the son's principal residence (assuming such loan meets all other requirements for HAMP Tier 2). ~~An individual, as a borrower or co borrower, may receive up to three HAMP Tier 2 permanent modifications of three different mortgage loans.~~ A borrower who fails a HAMP Tier 2 TPP or loses good standing under a HAMP Tier 2 permanent modification (whether on a principal residence or a rental property) is not eligible for another Tier 2 modification on the same mortgage loan.

G. The seventh paragraph of Section 2.2 is amended as follows:

With respect to borrowers who default on a HAMP Tier 1 TPP after June 1, 2012 servicers may, but are not required to, automatically evaluate such borrowers for HAMP Tier 2 prior to sending a Non-Approval Notice. In conducting an evaluation within 30 calendar days of a HAMP Tier 1 payment default, the servicer *should use the same income and debt documentation and property value assessments used in the HAMP Tier 1 evaluation* ~~may rely on the income documentation used in the HAMP Tier 1 evaluation~~, unless the servicer has reason to believe that the income documentation is no longer accurate (e.g., the borrower is now unemployed). *If the HAMP Tier 2 evaluation takes place more than 30 days after the date of the HAMP Tier 1 TPP default, the servicer must obtain updated income and debt information and property value assessments.*

H. The first sentence in Section 2.2.3 of Chapter II is amended as follows:

The servicer is not required to send an Initial Package if, as a result of discussions with the borrower or based on information in the servicer's possession, the servicer determines that the borrower does not meet the applicable eligibility criteria for HAMP as described in Section 1 *or the servicer determines that the borrower's estimated monthly mortgage payment as described in Section 6.1.2 is less than 20 percent of the borrower's gross monthly income. If Right Party Contact is established and the borrower does not disclose financial information over the phone, but expresses an interest in HAMP, the servicer must send a written communication to the borrower via regular or electronic mail that clearly describes the Initial Package, per the requirements outlined in Section 2.2.2 and must assign a relationship manager. A servicer may not base its determination that a borrower does not meet basic HAMP eligibility on the fact that the borrower chose not to provide financials orally*.

I. The following sentence, which appears in the fifth paragraph of Section 2.3.2 of Chapter II is moved to the first paragraph of such section as the fourth bullet and is deleted from the fifth paragraph of such Section:

- *All Non-Approval Notices must include an e-mail address and mailing address for communicating with the servicer if the borrower wishes to dispute the reasons for a non-approval determination and to submit written evidence.*

J. The first paragraph of Section 3.3 is amended to add the following at the end of the Section:

Notwithstanding the foregoing, if a borrower has defaulted on a HAMP Tier 1 TPP or lost good standing on a HAMP Tier 1 permanent modification, a servicer must suspend a foreclosure sale as necessary to evaluate a borrower's loan for HAMP Tier 2(either if done automatically by the servicer or if the borrower submits a request prior to the Deadline) and any of the following conditions exist:

- *the borrower received a HAMP Tier 1 permanent modification of such loan and lost good standing and either (i) 12 months have passed since the effective date of the permanent modification or (ii) the borrower has experienced a change of circumstance;*
- *the borrower received a HAMP Tier 1 TPP on such loan and but failed to make one or more trial period payments by the last day of the month in which it was due and has experienced a change in circumstance; or*
- *the borrower defaulted on a HAMP Tier 1 TPP on such loan after making one or more payments; or*
- *the borrower was previously evaluated for HAMP Tier 1 on such loan but was determined to be ineligible.*

A servicer is not required to suspend a foreclosure sale when a request for HAMP Tier 1 or Tier 2 consideration is received after the Deadline.

K. The first paragraph of Section 4.4 of Chapter II is amended as follows:

A borrower who is an owner-occupant (as set forth in Section 1.1.2) of a property that is security for a loan that is current or has only one payment due and unpaid at the end of the month in which it is due *(i.e., a borrower that is less than 60 days delinquent)* and who contacts the servicer to request HAMP consideration must be evaluated to determine if he or she is at risk of imminent default. Each servicer must have written standards for determining imminent default that are consistent with applicable contractual agreements and accounting standards and must apply the standards equally to all borrowers. *Such standards may, if consistent with investor guidelines, include a determination that a borrower is at risk of imminent default and will be evaluated for a HAMP modification if the borrower is at least 15 days delinquent, has documented a financial hardship, and has represented that he or she does not have sufficient liquid assets to make the monthly mortgage payment. The mortgage file and/or servicing system must contain evidence of this determination.*

L. Section 5.1.6.2 of Chapter II is amended as follows:

A borrower seeking to modify the mortgage loan on his or her rental property must provide evidence of that income, which is generally documented on IRS Schedule E (Supplemental Income and Loss) of the borrower's tax return for the most recent tax year. When Schedule E is not available to document rental income because the property was not previously rented, servicers may accept a current lease agreement and bank statements or evidence of damage deposits. All ~~net income or loss from a rental property that is security for the loan being modified as well as~~ income from any other rental property owned by the borrower must be documented and included in the calculation of the borrower's gross income.

The monthly net income or loss on a rental property to be calculated for HAMP Tier 2 purposes should be 75 percent of the monthly gross rental income *(to take into account potential costs associated with management and vacancy loss)*, reduced by the *post- modification* monthly *mortgage payment (i.e.,* principal, ~~and~~ interest, ~~payment plus 1/12th of annual real property~~ taxes, ~~annual~~ insurance ~~premiums~~ and ~~annual homeowners'~~ associations fees ~~dues~~, if applicable, *as well as escrow shortages subject to a repayment plan)* (PITIA).

- *Net rental income is added to the borrower's monthly gross income from all other sources.*
- *Net rental loss from the subject property is applied to the monthly mortgage payment of the borrower's principal residence.*

If 75 percent of the monthly gross income of a rental property securing the mortgage loan being evaluated for modification under HAMP Tier 2 is equal to or greater than the pre-modification PITIA of the rental property, the servicer must verify and document the cause of the borrower's hardship as delinquency alone is not considered a hardship.

To be clear, when the Base NPV Model is verifying whether the post-modification DTI is not less than 25 percent and not greater than 42 percent, the Base NPV Model will utilize the post-modification net rental income/loss and post-modification housing expense.

M. The first paragraph of Section 5.1.9 of Chapter II is amended as follows:

For purposes of this Section, a non-borrower is someone who is not on the original note (and may or may not be on the original security instrument), but whose income has been relied upon to support the mortgage payment. Non-borrower household income that may be considered for HAMP *(Tier 1 and/or Tier 2)* qualification must come from *a person* who resides in the borrower's principal residence *and supports the borrower's ability to pay the mortgage on the subject property*. Examples include a non-borrower spouse, parent, child or a non-relative, but in each case, a person who shares in the occupancy of the borrower's principal residence and provides some support for the household expenses. ~~For a loan secured by a rental property, only non-borrower household income from the borrower's spouse or domestic partner may be included.~~

N. Section 6.1.2 of Chapter II is amended as follows:

The monthly mortgage payment used in calculating any monthly mortgage payment ratio in either HAMP Tier 1 or HAMP Tier 2 includes the monthly payment of principal, interest, property taxes, hazard insurance, flood insurance, condominium association fees and homeowner's association fees, as applicable, regardless of whether these expenses are included in the borrower's current mortgage payment. *For purposes of calculating the monthly mortgage payment of a subject property (i.e., the property securing the loan being considered for a modification), servicers should also include* ~~It also includes~~ any escrow payment shortage amounts that are subject to a repayment plan. *Escrow shortage amounts that are subject to a repayment plan associated with a non-subject property (i.e., a property that does not secure the loan being considered for a modification) should not be considered.* The monthly mortgage payment does not include mortgage insurance premium payments or payments due to holders of subordinate liens.

O. Section 6.2 of Chapter II is amended as follows:

6.2 Calculation of Monthly Gross Income and Total Housing Expenses for Rental Properties *and for Displaced Borrowers*

Prior to evaluating a borrower for HAMP Tier 2, the servicer must determine the borrower's gross monthly income and total housing expense. The NPV model will use such amount to determine whether the proposed HAMP Tier 2 modification falls within the Acceptable DTI Range. With respect to a loan secured by rental property, the servicer will add net income from the subject rental property to the borrower's gross income from all other sources (including rental income from other rental properties as described in Section 5.1.6) to calculate monthly gross income.

If the subject rental property has a net rental loss, the servicer will add the net loss to the monthly PITIA of the borrower's principal residence to determine the borrower's total housing expense.

If there is no rental income from the subject rental property, the servicer will add the monthly post-modification PITIA *(plus escrow shortages subject to a repayment plan)* of the subject rental property to the PITIA on the borrower's principal residence to determine the total housing expense.

Servicers should follow the below guidelines when evaluating a borrower that is paying rent for a property occupied but not owned by the borrower:

- *If the borrower is paying rent for a property occupied but not owned by the borrower, and the borrower is requesting modification of a loan secured by a separate rental property, the full amount of the rent paid by the borrower must be included in the borrower's total housing expense.*

- *If there is a net rental loss from the subject rental property, the loss is added to the rent paid on the property occupied, but not owned, by the borrower.*

- *If there is no rental income from the subject rental property, the monthly mortgage payment of the subject rental property (i.e., principal, interest, taxes, insurance, association dues, if applicable, and any escrow shortages that are subject to a repayment plan) is added to the rent paid on the property occupied, but not owned, by the borrower.*

- *If there is net rental loss or no rental income from the subject rental property and the borrower has no rental expense for the property he or she occupies but does not own, the net rental loss or the monthly mortgage payment of the subject rental property, as applicable, is the borrower's total housing expense.*

- *If there is net rental income from the subject rental property and the borrower has no rental expense for the property he or she occupies but does not own, the borrower will be ineligible for a HAMP modification because the borrower has no housing expense and the monthly mortgage payment ratio will be zero.*

In the event there is more than one borrower obligated on a mortgage secured by a rental property, the income from all borrowers must be included in the gross monthly income calculation and the monthly PITIA of the principal residences of all borrowers must be included in the total housing expense calculation.

In the case of a displaced borrower under consideration for a HAMP Tier 1 modification of the loan secured by the property from which the borrower has been displaced, the borrower may rent out the property from which he or she is displaced. An amount equal to the monthly gross rent charged by the borrower multiplied by 75 percent (to take into account potential costs associated with management and vacancy loss) should be added to the borrower's monthly gross income. If a borrower is paying rent to lease a home in his or her new location and is requesting a modification of the mortgage secured by the principal residence from which he or she was displaced, such rent contributes to the borrower's total housing expense. It should be included with the association dues for purposes of both the NPV Model and HAMP Reporting Tool.

P. Section 6.3 is amended by adding the following new paragraph after the first paragraph of the Section:

For all HAMP Tier 2 loans on which the servicer will offer a TPP , the servicer must run a stand-alone HAMP Tier 2 modification waterfall outside of the Base NPV Model to determine the monthly trial period payment. When calculating this amount, the servicer should calculate the projected capitalized UPB by projecting the total non-interest arrearages and delinquent interest that will accrue between the Data Collection Date and the anticipated permanent modification effective date. The servicer should use the projected capitalized UPB to determine the HAMP Tier 2 trial period payment. It is expected that the trial period P&I payment will be very close to the permanent modification P&I payment. The amount of the re-calculated trial period payment will not affect eligibility.

Q. Section 6.3.2 of Chapter II is amended to add the following new paragraph at the end of the Section:

Servicers may not adjust the set HAMP Tier 2 parameters, except in those cases where an investor restriction or applicable law requires them to do so. If a servicer wishes to change the HAMP Tier 2 standard modification waterfall steps to offer the borrower more generous terms (e.g., lower interest rate, greater forgiveness or forbearance amount), the servicer must document its proposal and submit it through the formal waiver and exception process for consideration by Treasury. If approved, the altered terms must be offered equally to all similarly situated borrowers identified in the waiver request. If a borrower fails to qualify for a TPP under an approved altered waterfall, the servicer must re-evaluate the borrower using the HAMP Tier 2 standard modification waterfall and, if that analysis is NPV positive, the servicer must offer the borrower a HAMP Tier 2 TPP.

R. The second sentence of the first paragraph of Section 6.4 of Chapter II is amended as follows:

When determining the loan's UPB *for deciding whether to evaluate the loan under the applicable alternative waterfall, (i) for HAMP Tier 1, servicers should include any amount that would be capitalized in accordance with Section 6.3.1.1 of this Chapter and (ii) for HAMP Tier 2, the Base NPV Model will not include the amount capitalized in accordance with Section 6.3.2.1 of this Chapter*~~, servicers should include any amounts that would be capitalized in accordance with Section 6.3.1.1 or 6.3.2.1, as applicable~~.

S. Section 6.5 of Chapter II is amended to add the following text to the end of the first sub-bullet under the third bullet in the bulleted list in the Section:

Notwithstanding the foregoing, if the investor or applicable law prohibits the servicer from permanently reducing the note rate or, in the case of HAMP Tier 1, from reducing the rate for at least five years, such a restriction would make it infeasible to complete the interest rate reduction step. In such cases, the servicer should skip the rate reduction step or, in the case of HAMP Tier 2, utilize the applicable override in the Base NPV Model and continue the evaluation using the note rate of interest.

T. The first paragraph of Section 7 of Chapter II is amended by adding the following the end of such paragraph:

Prior to performing an NPV analysis on all loans, servicers must complete the escrow analysis and use the information derived from that analysis to calculate the UPB as of the "Data Collection Date" (i.e., the date on which the "Unpaid Principal Balance" and other data used in the NPV analysis was collected). When running NPV to evaluate borrowers for HAMP Tier 1 and Tier 2, servicers should not project UPB to a future date, but should use the current UPB amount as of the Data Collection Date.

U. Insert the following new bullet point after the fifth bullet in the bulleted list in Section 7 of Chapter II:

- *Servicers must develop written policies identifying the circumstances under which they would offer a modification and the conditions under which modifications of each HAMP Tier would be offered for cases where NPV results are negative for both HAMP Tier 1 and HAMP Tier 2 and the servicer elects, based on investor guidance, to offer a TPP under either HAMP Tier 1 or Tier 2 (provided other eligibility requirements are met). Servicers must apply these policies consistently to all borrowers.*

V. Section 7.3 of Chapter II is amended as follows:

Subject to the requirements described in this Handbook, any servicer, regardless of the size of their servicing book, has ~~Servicers having at least a $40 billion servicing book have~~ the option to re-code the Base NPV for implementation in their own system~~s~~. Re-coded versions of the NPV model must utilize the Base NPV Model values for variables such as home price projections and foreclosure and REO timelines and costs. These values are posted on www.HMPadmin.com, and will be periodically updated.

W. The first paragraph of Section 9.4 of Chapter II is amended as follows:

If a borrower defaults on a loan modification executed under HAMP (delinquent by the equivalent of three full monthly payments at the end of the month in which the last of the three delinquent payments was due), the loan is no longer considered to be in "good standing." Once lost, good standing cannot be restored even if the borrower subsequently cures the default. A loan that is not in good standing is not eligible to receive borrower, servicer or investor incentives and reimbursements and these payments will no longer accrue for that loan. A loan permanently modified under HAMP Tier 2 that loses good standing is not eligible for another HAMP modification of that loan. A loan permanently modified under HAMP Tier 1 that loses good standing may be eligible to receive a HAMP Tier 2 modification *on the earlier of (i) the date that* ~~if the evaluation for HAMP Tier 2~~ is ~~at least~~ 12 months after the HAMP Tier 1 Modification Effective Date or *(ii)* ~~borrower has experienced~~ following a change in circumstance~~s~~.

Absent a change in circumstance, a servicer is not required to re-evaluate a loan for HAMP Tier 1 if the loan was evaluated for HAMP Tier 1 prior to June 1, 2012 and determined to be ineligible. However, upon receipt of a request from the borrower whose loan was evaluated for HAMP Tier 1 prior to June 1, 2012 and determined to be ineligible, the servicer is required to evaluate that loan for HAMP Tier 2 without requiring the borrower to demonstrate a change in circumstance. Servicers must have an internal written policy which defines what they consider a change in circumstance, which policy must be consistently applied for all similarly situated borrowers.

X. Section 2.3 of Chapter III is modified to add the following new row at the end of the table:

Loan in a HAMP permanent modification	*A borrower in a HAMP permanent modification that is in good standing is not eligible for an UP forbearance plan.*

Y. The third bullet of Section 3.3 of Chapter IV is amended as follows: :

- *Loses good standing on a HAMP modification* ~~Is delinquent on a HAMP modification by missing at least two consecutive payments and~~ *as long as the borrower* is not being evaluated for another modification (i.e., HAMP Tier 2 or proprietary modification).

Z. 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 $3,000 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 $3,000 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, and may not be reduced to pay any costs and expenses of the tenant or other non-borrower occupant. No portion of the $3,000 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.

If the borrower seeks relocation assistance for themselves, a tenant or other non-borrower occupant in accordance with this Section, the borrower must provide the servicer with evidence satisfactory to the servicer that the borrower, tenant or other non-borrower occupant was residing in the property as a principal residence as of the date the borrower executed the SSA or Alternative RASS. Such evidence may include but is not limited to, property inspections conducted by or on behalf of the servicer, lease agreements, utility bills, etc. Additionally, the borrower must ensure that a Dodd-Frank Certification (described in Section 1.7 of Chapter I) executed by each occupant that will receive relocation assistance is delivered to the servicer in advance of the transaction settlement date. A servicer may not authorize a closing that includes HAFA relocation assistance unless and until the servicer has received satisfactory evidence of occupancy and executed Dodd-Frank Certification(s) and the assistance payment is accurately reflected on the HUD-1.

AA. The sixth bullet of Section 7.5 of Chapter IV is amended as follows:

Provide evidence of occupancy and Non-Borrower Occupant Certification(s) *from the occupants of the property* if the borrower intends to request relocation assistance for any occupant in accordance with Section 6.2.5. *Additionally, the borrower must deliver an executed Dodd-Frank Certification, regardless of whether the borrower or some other party is receiving the HAFA relocation assistance.*

BB. The NPV Input Data Fields and Values table which is part of Exhibit A is amended as follows:

NPV INPUT DATA FIELDS AND VALUES

Input Data Fields	Explanation	Value used in NPV calculation to determine the HAMP eligibility of your mortgage
I. Borrower Information		
1. Current Borrower Credit Score	This field identifies your credit score as provided by one or more of the three national credit reporting agencies.	
2. Current Co-borrower Credit Score	If a co-borrower is listed on the mortgage, this field identifies the co-borrower's credit score as provided by one or more of the three national credit reporting agencies.	
3. Monthly Gross Income	This field identifies the monthly gross income of all borrowers on your loan before any payroll deductions or taxes. *If the subject property (e.g., the property securing the loan for which the borrower is requesting a HAMP modification) is a rental property, the rental income is excluded.*	
4. ***Principal Residence Total Housing Expense***	This field only applies if your application for a HAMP modification is for a property that is not your principal residence. This field identifies the amount of the total monthly housing expense (i.e., principal, interest, taxes, insurance and association fees, if any) for your principal residence, and the principal residence(s) of any co-borrower(s).	
II. Property Information		
5. **Property - State**	This field identifies the two letter state code of the property securing the mortgage for which you are applying for a HAMP modification.	
6. **Property - Zip Code**	This field identifies the zip code of the property securing the mortgage for which you are applying for a HAMP modification.	
7. **Property Value**	This field identifies the estimated fair market value of the *property* for which you are applying for a HAMP modification that was used for this analysis.	

Input Data Fields	Explanation	Value used in NPV calculation to determine the HAMP eligibility of your mortgage
8. **Property Valuation Type**	This field identifies the method by which the *property* for which you are applying for a HAMP modification was valued (as noted in Field 6, Property Value) 1 – Automated Valuation Model (AVM) 2 – Exterior Broker Price Opinion (BPO) / Appraisal (as is value) 3 – Interior BPO / Appraisal (as is value)	
9. **Occupancy**	This field uses codes to identify the occupancy of the property for which you are applying for a HAMP modification. The servicer will for owner-occupied properties use a code of 1, 3 or 4 and for non-owner-occupied properties will use a code of 2.	
10. **Property - Monthly Gross Rental Income**	This field only applies if your application for a HAMP modification is for a property that is not your principal residence. This field identifies the monthly gross rental income from the property for which you are applying for a HAMP modification.	
III. Mortgage Information		
11. **Data Collection Date**	This field identifies the date on which the Unpaid Principal Balance and other data used in the NPV analysis was collected by us.	
12. **Imminent Default Flag**	This field indicates your default status as of the Data Collection Date. If you have not missed any payments or less than two payments are due and unpaid by the end of the month in which they are due, you are considered to be in imminent default and the value in this field is "Y". If two or more payments are due and unpaid by the end of the month in which they are due as of the Data Collection Date, the value in this field is "N".	
13. **Investor Code**	This field identifies the owner of the mortgage for which you are applying for a HAMP modification. 1 – Fannie Mae 2 – Freddie Mac 3 – Owned by a private investor other than us, your servicer 4 – Owned by us, your servicer or an affiliated company 5 – Ginnie Mae	
14. **Unpaid Principal Balance at Origination**	This field identifies the amount of the mortgage for which you are applying for a HAMP modification at the time it was originated (i.e., the amount you borrowed).	
15. **First Payment Date at Origination**	This field identifies the date the first payment on the mortgage for which you are applying for a HAMP modification was due after it was originated.	
16. **Product Before Modification**	This field uses codes to identify the type of mortgage you held prior to your most recent application for a HAMP modification: 1. Adjustable Rate Mortgage (ARM) and/or Interest Only mortgage loan 2. Fixed Rate 3. Step Rate 4. One Step Variable 5. Two Step Variable 6. Three Step Variable 7. Four Step Variable 8. Five Step Variable 9. Six Step Variable 10. Seven Step Variable 11. Eight Step Variable 12. Nine Step Variable 13. Ten Step Variable 14. Eleven Step Variable 15. Twelve Step Variable 16. Thirteen Step Variable 17. Fourteen Step Variable	

Input Data Fields	Explanation	Value used in NPV calculation to determine the HAMP eligibility of your mortgage
17. **Adjustable Rate Mortgage (ARM) Reset Date**	This field applies only if the type of mortgage you held prior to your most recent application for a HAMP modification is an Adjustable Rate Mortgage (ARM) loan. This field identifies the date on which the next Adjustable Rate Mortgage (ARM) reset was due to occur, as of the Data Collection Date (Field 1*1*).	
18. **Next Adjustable Rate Mortgage (ARM) Reset Rate**	This field identifies the rate at which your mortgage was expected to change based on when the next reset date (Field 14) is scheduled to occur. Please look to your mortgage loan documentation for information on how your mortgage's rate is recalculated at its reset date. If the reset date on your ARM loan is within 120 days of the Data Collection Date, this value in this field is the expected interest rate on your mortgage at the next reset date. If the reset date on your ARM loan is more than 120 days from the Data Collection Date, the value in this field is your current interest rate at the time of NPV evaluation.	
19. **Unpaid Principal Balance Before Modification**	This field identifies the unpaid amount of principal (money you borrowed) on the mortgage for which you are applying for a HAMP modification as of the Data Collection Date. It does not include any unpaid interest or other amounts that you may owe.	
20. **Interest Rate Before Modification**	This field identifies the interest rate on the mortgage for which you are applying for a HAMP modification as of the Data Collection Date. Please look to your mortgage loan documentation (including any permanent modification documentation if previously modified) for information on the interest rate of you mortgage.	
21. **Remaining Term (# of Payment Months Remaining)**	This field identifies the remaining number of months you have left to pay under the term of the mortgage for which you are applying for a HAMP modification as of the Data Collection Date. Please look to your mortgage loan documentation (including any permanent modification documentation if previously modified) for information the term of your mortgage.	
22. **Principal and Interest Payment Before Modification**	This field is the amount of principal and interest you were scheduled to pay each month as of the Data Collection Date. A. If your loan had an adjustable rate scheduled to reset within 120 days, this field will reflect the principal and interest payment associated with the new interest rate. *B.* If your loan had an adjustable rate scheduled to reset after 120 days, this field will reflect the current scheduled monthly mortgage payment and the note interest rate in effect at the time of evaluation. *C.* If your mortgage is an Interest Only loan and your loan was in the interest only period, the value in this field is the interest payment that was due each month. *D.* If your mortgage is a negative-amortization loan, the value in this field is the greater of: a. the principal and interest payment you sent on the most recent payment date; or b. the minimum payment required on your loan. ~~If you had a prior HAMP trial period plan or HAMP permanent modification, the value in this field is the HAMP payment~~ *For a loan that defaulted under the HAMP Trial Period Plan, enter the contractual monthly P&I payment as of the Data Collection Date. For a loan that defaulted under the HAMP Tier 1 permanent modification, enter the permanent HAMP Tier 1 modification monthly P&I payment.*	
23. **Monthly Real Estate Taxes**	This field identifies the monthly cost of your real estate taxes. If your taxes are paid annually this amount will be 1/12th of the annual cost.	

Input Data Fields	Explanation	Value used in NPV calculation to determine the HAMP eligibility of your mortgage
24. **Monthly Hazard and Flood Insurance**	This field identifies the monthly cost of your hazard and flood insurance coverage. If your insurance is paid annually this amount will be 1/12th of the annual cost.	
25. **Homeowners Association Dues/Fees**	This field identifies your monthly homeowner's or condominium association fee payments, if any, and/or any future monthly escrow shortages. If your homeowner's or condominium association fee payments are paid annually, this will be 1/12th of the annual cost. If your property has no association fee payments and/or any future monthly escrow shortages, this field is blank.	
26. **Months Past Due**	This field identifies the number of mortgage payments you would have had to make in order to make your mortgage current, as of the Data Collection Date.	
27.Mortgage Insurance Coverage Percent	This field identifies the percentage of private mortgage insurance coverage on the mortgage for which you are applying for a HAMP modification. If you do not have private mortgage insurance this field is blank.	
28. Capitalized UPB Amount	This field identifies the capitalized unpaid principal balance amount that includes all outstanding principal, accrued interest, escrow advances as of the data collection date.	
IV. Proposed Modification Information		
The fields below describe the proposed HAMP modification that was calculated by your servicer according to the HAMP program guidelines (subject to investor restrictions) that were used in your Net Present Value (NPV) evaluation.		
29. NPV Date	This field identifies the initial date that the Net Present Value evaluation was conducted on the *mortgage* for which you are applying for a HAMP modification.	
30. Modification Fees	This field identifies the total amount of costs and fees that would have been paid by the investor (owner) of your loan, if you had been approved for a HAMP modification. It includes expenses such as notary fees, property valuation, credit report and other required fees.	
31. Mortgage Insurance Partial Claim Amount of the Proposed HAMP Modification	This field identifies any mortgage insurance payout amount as part of the proposed HAMP modified mortgage, which is, at the discretion of your mortgage insurance company. This should be zero if you were not approved for a trial period plan or permanent HAMP modification for reason of negative NPV.	
***~~33~~32*. Unpaid Principal Balance of the Proposed HAMP Tier 1 Modification (Net of Forbearance & Principal Reduction)**	This field identifies the beginning principal balance on which you would have been required to pay interest if you had received a HAMP Tier 1 modification. It is likely to be different than your current principal balance because it includes amounts you owe for missed mortgage payments and unpaid expenses that are allowed to be added (capitalized) to your principal balance. Additionally, it may be reduced by proposed principal forbearance (Field 36) or proposed principal forgiveness (Field 37).	
***~~32~~33*. Interest Rate of the Proposed HAMP Tier 1 Modification**	This field identifies the starting interest rate of the proposed HAMP Tier 1 modified mortgage. This rate is fixed for at least the first 5 years after modification.	
***~~33~~34*. Amortization Term of the Proposed HAMP *Tier 1* Modification**	This field identifies the number of months left to pay the proposed HAMP Tier 1 modified mortgage.	
***~~34~~35*. Principal and Interest Payment of the Proposed HAMP Tier 1 Modification**	This field identifies the amount of the monthly principal and interest payment on the proposed HAMP Tier 1 modified mortgage.	
***~~35~~36*. Principal Forbearance Amount of the Proposed HAMP Tier 1 Modification**	This field identifies the amount of principal your investor was willing to forbear on the proposed HAMP Tier 1 modified mortgage. You would have still owed this amount, but you would not be charged interest on it and no payments would have been due on this amount until you paid off your loan.	

Input Data Fields	Explanation	Value used in NPV calculation to determine the HAMP eligibility of your mortgage
~~36~~*37*. Principal Forgiveness Amount of the Proposed HAMP Tier 1 Modification	This field identifies the amount of principal your investor was willing to forgive under the proposed HAMP Tier 1 modified mortgage.	
~~37~~*38*. Unpaid Principal Balance of the Proposed HAMP Tier 2 Modification (Net of Forbearance & Principal Reduction)	This field identifies the beginning principal balance [as of the Data Collection Date] on which you would have been required to pay interest if you had received a HAMP Tier 2 modification. It is likely to be different than your current principal balance because it includes amounts you owe for missed mortgage payments and unpaid expenses that are allowed to be added (capitalized) to your principal balance. Additionally, it may be reduced by proposed principal forbearance (Field 43 or the amount calculated by the NPV model under the standard Tier 2 modification) or proposed principal forgiveness (Field 39).	
~~38~~*39*. Principal Forgiveness Amount of the Proposed HAMP Tier 2 Modification	This field identifies the amount of principal your investor was willing to forgive under the proposed HAMP Tier 2 modified mortgage.	
~~39~~*40*. Investor Override for Tier 2 Modification	This field indicates whether the owner of your mortgage provides for different terms than would be provided under the standard HAMP Tier 2 Modification. If not, the value in this field is "N". If here are terms other than the standard terms, the value in this field is "Y".	
~~40~~*41*. Interest Rate of the Proposed HAMP Tier 2 Modification	This field only applies if the owner of your mortgage provides for a different interest rate than would be provided under the standard HAMP Tier 2 Modification. This field identifies the interest rate of the proposed HAMP Tier 2 modified mortgage. This rate is fixed.	
~~41~~*42*. Amortization Term of the Proposed HAMP Tier 2 Modification	This field only applies if the owner of your mortgage provides for a different amortization term than would be provided under the standard HAMP Tier 2 Modification. This field identifies the number of months left to pay the proposed HAMP modified mortgage.	
~~42~~*43*. Principal Forbearance Amount of the Proposed HAMP Tier 2 Modification	This field only applies if the owner of your mortgage provides for a different forbearance amount than would be provided under the standard HAMP Tier 2 Modification. This field identifies the amount of principal forborne on the proposed HAMP modified mortgage. You would have still owed this amount, but you would not be charged interest on it and no payments would have been due on this amount until you paid off your loan.	

CC. The model clauses in Item 14 of the list of "Model Clauses for Borrower Notices" in Exhibit A is revised as follows:

Post Modification DTI Outside of Acceptable Range. We are unable to offer you a HAMP Affordable Modification because in performing our underwriting of a potential modification your proposed modified monthly payment which we could offer you, which includes a modified monthly principal and interest payment on your first lien mortgage loan plus property taxes, hazard insurance premiums, and homeowners dues (if any) was *outside the required range of 25%-42%* ~~(select one) [less than 25%] OR [more than 42%]~~ of your monthly gross income (your income before taxes and other deductions) which we verified as $____________. You modified monthly housing expense must be *between 25% and 42%* ~~(select one) [greater than or equal to 25%] OR [less than or equal to 42%]~~ of your gross monthly income. If you believe this verified income is incorrect, please contact us at the number provided below.

DD. The model clauses in Item 17 of the list of "Model Clauses for Borrower Notices" in Exhibit A is revised as follows:

<u>No Change in Circumstances</u>.

- After previously being offered a Trial Period Plan or Home Affordable Modification on ____________, you notified us that you did not wish to accept that offer and [insert as appropriate] ~~[twelve months have not elapsed since you received a modification on your loan and/or]~~ [your circumstances have not changed].
- *Twelve months have not elapsed since you received a Home Affordable Modification on your loan and your circumstances have not changed.*
- After previously being denied a Home Affordable Modification on __________, your circumstances have not changed.