

Making Home Affordable

The Second Lien Modification ProgramSM (2MP) Overview





Overview: MHA

Making Home Affordable programs help homeowners avoid foreclosure





Overview: 2MP

Second Lien Modification Program (2MP)

Core element of the MHA Program






2MP provides assistance to borrowers in a 1st lien permanent modification who have an eligible 2nd lien on the same property with a participating 2MP servicer. This assistance can result in a modification, or a full or partial extinguishment of the 2nd lien.

2MP requires that a participating servicer offer a 2nd lien modification if:

- The borrower's first lien is modified under non-GSE or GSE HAMP or a qualifying GSE standard modification;
- The 1st lien permanent modification is in good standing; and
- The borrower's 2nd lien has an unpaid balance at initial consideration of \$5,000 or more and a pre-modification scheduled monthly payment of at least \$100.







Eligibility

Criteria for Eligibility		
	Second Lien	<ul style="list-style-type: none"> • Originated on or before January 1, 2009. • Must occupy the second lien position.
	Corresponding First Lien	<ul style="list-style-type: none"> • Corresponding first lien must be permanently modified: <ul style="list-style-type: none"> ➢ Under non-GSE HAMP guidelines; or ➢ Pursuant to the terms of GSE HAMP or a qualifying GSE Standard Modification. • Corresponding first lien may not be modified under the GSE Streamlined Modification process. • Corresponding first lien must be in good standing.
	Not Previously 2MP Modified	<ul style="list-style-type: none"> • Not previously modified under 2MP.
	Unpaid Principal Balance (UPB) Limits	<ul style="list-style-type: none"> • At initial consideration: <ul style="list-style-type: none"> ➢ UPB is \geq \$5,000 ➢ Monthly payment \geq \$100.
	Program Cut-off Date	<ul style="list-style-type: none"> • 2MP Effective Date must be on or before September 30, 2017.



Eligibility

Loans that are Not Eligible		
	First Lien Home Equity Loans and Lines of Credit	A HEL or HELOC in first lien position is not eligible under 2MP and should be evaluated for HAMP.
	Partial Claim or Equity Appreciation Loan	A second lien mortgage loan on which no interest is charged and no payments are due until the first lien is paid in full.
	Insured or Guaranteed by Federal Government	Second lien mortgage loans that are insured, guaranteed or held by a federal government agency (e.g., FHA, VA, and RHS).
	Subordinate Mortgage Loan	A mortgage loan that is subordinate to a second lien.

Eligibility

Additional Factors



2MP Servicer Requirements

- **The 2MP Servicer must:**
 - Have executed a Servicer Participation Agreement and related documents (SPA), plus have a schedule for 2MP participation.
 - Determine that the borrower's 1st lien is permanently modified under HAMP or qualifying GSE Standard Modification, and in good standing.
 - Determine that the 2nd lien meets eligibility requirements.
- **When above criteria are met, the 2MP Servicer must:**
 - Offer to modify or extinguish the corresponding 2nd lien in accordance with 2MP guidance.
 - Dismiss any outstanding foreclosure action on the 2nd lien.



Lien Matching Process

Matching Second Liens to Permanent First Lien Modifications

Black Knight Financial Technology Solutions, LLC (BKFTS)

First and Second Lien Matching

BKFTS matching saves the 2MP servicer from verifying 1MP loan data and NPV analysis, and calculating loan terms by providing the structure for the 2MP offer.

Efficiencies of BKFTS Matching

- 2MP servicers may rely on the first lien permanent modification data provided by BKFTS and are not required to:
 - ✓ Verify financial information
 - ✓ Perform NPV analysis
 - ✓ Obtain Dodd-Frank and occupancy certification *(if a non-GSE match)**

<i>*If 2nd lien is matched to:</i>	<i>The 2MP servicer is obligated to obtain:</i>
GSE HAMP Modification	➔ Dodd-Frank certification
GSE Standard Modification	➔ Dodd-Frank certification plus occupancy certification



Lien Matching Process

BKFTS Database Matching for Second Liens to Permanent First Lien

<div style="text-align: center;"> 1 </div> <div style="text-align: center;"> Second Lien ⇒ ⇒ ⇒ </div>	<div style="text-align: center;"> 3 </div> <div style="text-align: center;"> BKFTS Database Matches First and Second Lien Data ↓ ↓ ↓ </div>	<div style="text-align: center;"> 2 </div> <div style="text-align: center;"> Permanent First Lien ⇐ ⇐ ⇐ </div>
<p>2MP servicer provides second lien loan and homeowner information:</p> <ul style="list-style-type: none"> • Loan Identifying Information • Homeowner / Co-borrower Identifying Data • Property Identifying Data • 2MP Servicer Contact Information 	<ul style="list-style-type: none"> • File indicates: <ul style="list-style-type: none"> ➤ Whether second lien corresponds to an existing first lien ➤ Whether first lien is HAMP or GSE modified and in good standing ➤ First lien modification details (interest rate, term length, forbearance / forgiveness) 	<p>MHA Program Administrator (Fannie Mae) provides 1MP loan and homeowner information:</p> <ul style="list-style-type: none"> • Loan Identifying Information • Homeowner / Co-borrower Identifying Data • Property Identifying Data



Lien Matching Process

BKFTS Match Timeline

Where a BKFTS match is found, servicer must offer a 2MP trial period or 2MP modification no later than:

FIRST MATCH FILE <ul style="list-style-type: none"> • 150 calendar days 	➔	From “The Date of First Match” in the first match file containing matches to GSE Standard Modifications.
ALL OTHER MATCH FILES <ul style="list-style-type: none"> • 60 calendar days 	➔	From “The Date of First Match” for the related permanent modification.

If a borrower is in bankruptcy:

<ul style="list-style-type: none"> • 60 calendar days 	➔	From the latter of: <ol style="list-style-type: none"> 1) The date the borrower, borrower’s counsel, or the bankruptcy trustee requests consideration for a 2MP modification; or 2) The date the 2MP servicer receives BKFTS match notification. <p>Note: Servicers should extend time frames as necessary to accommodate dates in obtaining required court and/or trustee approvals per local court rules and procedures.</p>
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❖ Servicers must record the date when they obtained information from BKFTS to use for the 2MP modification



Evaluation

2MP Servicer Solutions

When a homeowner's first lien is HAMP or GSE modified and the servicer of the second lien is a 2MP participant, that servicer must evaluate the second lien and offer one of the following solutions.

Solutions include:



MODIFY the homeowner's second lien using the standard 2MP modification steps and "mirror" the structure of the HAMP or GSE modified first lien.



PARTIALLY EXTINGUISH the second lien and then **MODIFY** the remaining balance.



FULLY EXTINGUISH the second lien.



2MP Modification "Waterfall" Overview

STANDARD WATERFALL	① Capitalization	② Reduce Interest	③ Extend Term	④ Forbear or Forgive
	Capitalize accrued interest and servicing advances	Reduce the borrower's interest rate	Extend the term without exceeding 480 months	If necessary, forbear or forgive principal
SECOND LIEN TYPE ↓	2MP Modification Protocol			
FULLY AMORTIZING	Capitalize using the same process for all 2 nd lien types	Reduce • Reset	Mirror 1 st lien term	Forgive/forbear in same proportion as the 1MP
INTEREST ONLY	↓	Convert • Reset -or- Reduce • Reset	↓	↓
PARTIALLY AMORTIZING	↓	Apply appropriate guidance • Reset	↓	↓
Servicer Discretion	<i>To help borrowers achieve greater affordability, 2MP gives servicers discretion to offer terms more generous than the standard waterfall terms.</i>			
Investor Guidelines	<i>Investor guidelines may prohibit or limit a servicer from performing the 2MP modification protocol. In this case, the servicer must request an exception or perform the modification within the limitations of the law and/or investor guidelines.</i>			



Resources

Additional Resources

- **HAMP Solution Center:**
 - 1-866-939-4469
 - support@HMPadmin.com
- **HAMP Servicer Integration Team**
 - HAMP_Integration_Team @fanniemae.com

HMPAdmin.com

- Programs
- Learning Center
- Resources
- News
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Administrative Website for Servicers
Home Affordable Modification Program
Administered by Fannie Mae

Log In

ABOUT PROGRAMS LEARNING CENTER RESOURCES NEWS CONTACT US

You are here: [Home](#)

New PSA Urges Homeowners to Get Help

Get mortgage help. This is why. 888-995-HOPE

MHA on Twitter, Facebook, and YouTube

LET'S GET SOCIAL!

Follow, like, and subscribe to Making Home Affordable for latest program updates.

Just for Partners: MHA Outreach Toolkit

MAKING HOME AFFORDABLE

Handbook for Servicers of Non-GSE Mortgages

Version 4.4

Tweets

FHFA @FHFA
#FHFA HARP event in Miami 12/5: go.usa.gov/sdWx. 97K+ in FL and 21K+ in #Miami eligible for HARP! Check here: go.usa.gov/dYUB

Support... 4-05:
[Making Home Affordable Program - MHA Program Updates](#)