

## Retrieving and Interpreting the NPV Test Results

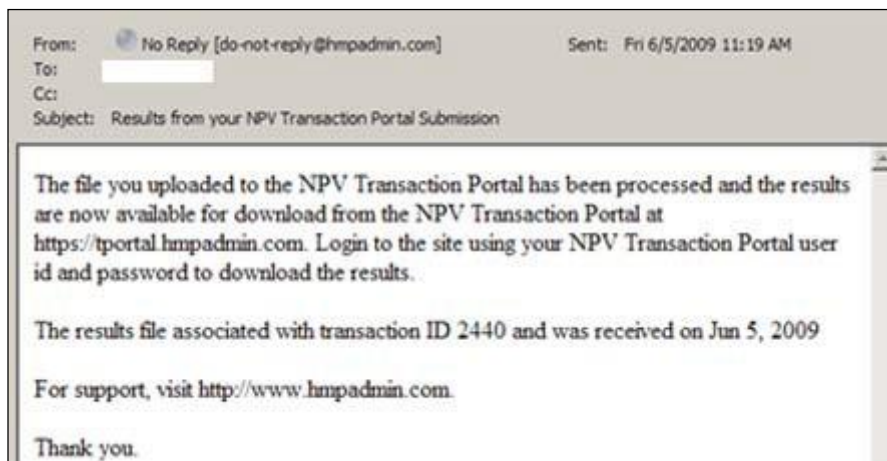
When determining whether a borrower is eligible for a modification under the Home Affordable Modification Program<sup>SM</sup> (HAMP<sup>®</sup>), the loan must be evaluated using a standardized Net Present Value (NPV) test that compares the expected economic outcome of the loan with and without the proposed modification. How the results are applied may differ whether a loan is a GSE or a non-GSE loan. Servicers should consult the specific investor's guidelines.

The servicer can perform the NPV test using either the Treasury-hosted Base NPV Model software tool available to participating servicers in the secure section of [HMPAdmin.com](http://HMPAdmin.com) or their own customized NPV model, if permitted in accordance with the *MHA Handbook*. ***This job aid is only applicable to retrieving and interpreting the NPV test results from the Treasury-hosted Base NPV Model software tool.***

To retrieve and interpret the NPV test results from the base NPV model software tool, follow these steps:

### Step 1

- Once you have submitted loan(s) to the base NPV model using the base NPV model software tool, you will be informed by email when the results are complete. The email will look similar to this:



### Step 2

- To retrieve the results, select one of the following options:
  - Go to the NPV Transaction Portal using the URL <https://tportal.hmpadmin.com>, or click the link provided in the results email.
  - Log into the secure section of [HMPAdmin.com](http://HMPAdmin.com), click the **Base NPV Model Tools & Documents** link, and then click the **Access the NPV Transaction Portal** link.

## Step 3

- Enter your NPV Transaction Portal User ID and Password (the same User ID and Password you use to log in to the secure servicer area of [HMPAdmin.com](http://HMPAdmin.com) and click **Log In**.

The NPV Transaction Portal will open.

Transaction ID	Uploaded File Name	Date Submitted	Results File	Results Processed	Results Downloaded
2453	HMP_NPV_2009-06-05_11-53-05_2734C866.xml	06/08/2009 12:58 PM	<a href="#">.csv</a>	06/08/2009 01:05 PM	

## Step 4

- Locate the transaction ID provided in your email and click on the .csv hyperlink under the “Results File” heading to open it.
- The results are included in a .csv file format which you can open in a spreadsheet program (Excel) or other application that supports .csv files.

Below is a sample output grid of the NPV test results for Tier 1 & Tier 2:

	A	B	C	D	E	F	G	H	I	J	K	L	
	HAMP Servicer ID	Servicer Loan Number	Waterfall Test	De minimis Test	Forbearance Flag	HAMP Value No Mod	HAMP Value Mod	HAMP NPV Test	NPV Run Successful?	Run Date	Code Version	Freddie PMMS Rate	PRA - Water Test
1													
2	123456789	1000000003			-				Y	4/25/2012	Base NPV_V5.0	0.039	
3	123456789	1000000004			-				Y	4/25/2012	Base NPV_V5.0	0.039	
4	123456789	1000000005	Y	Y	-	79518.52	96124.05	Positive	Y	4/25/2012	Base NPV_V5.0	0.039	
5	123456789	1000000007	Y	Y	-	230843.69	269945.5	Positive	Y	4/25/2012	Base NPV_V5.0	0.039	
6	123456789	1000000008	Y	Y	-	261316.92	321801.6	Positive	Y	4/25/2012	Base NPV_V5.0	0.039	
7	123456789	1000000009	Y	Y	-	317005.71	410476.91	Positive	Y	4/25/2012	Base NPV_V5.0	0.039	

	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA
	PRA - Waterfall Test	HAMP PRA Value No Mod	HAMP PRA Value Mod	HAMP PRA NPV Test	TIER2 Forbearance Amount	TIER2 Non-PRA Forgiveness Amount	TIER2 Mod Rate	TIER2 Mod Term	TIER2 Mod Payment	TIER2 Mod UPB	TIER2 Value No Mod	TIER2 Value Mod	TIER2 - NPV Test	TIER2 PRA Forgiveness Amount	TIER2 PRA Mod Rate
1													Ineligible- DTI		
2					0	0	0.045	480	1813.44	403378.24	327545.24	375630.22	Positive		
3					0	0	0.03	480	623.88	174274.85	79518.52	97784.07	Positive		
4					0	0	0.045	360	1534.03	302759.17	230843.69	269995.34	Positive		
5					0	0	0.045	480	1819.73	404777.38	261316.92	320091.29	Positive		
6					120000	0	0.045	480	2266.33	504118.45	317005.71	436165.98	Positive		
7															

## TIER1, TIER2, and PRA Determination Fields

### TIER1 NPV Output

Result Field (Column)	Description
f. HAMP Value No Mod	The NPV of the loan without a modification (i.e. the pre-mod value).
g. HAMP Value Mod	The NPV of the loan with a modification (i.e. post-mod value).
h. HAMP NPV Test	The result of the NPV test (Positive or Negative).

### TIER1 PRA<sup>SM</sup> NPV Output

Result Field (Column)	Description
n. HAMP PRA NPV Value No Mod	The NPV of the loan without a modification.
o. HAMP PRA NPV Value Mod	The NPV of the loan with a modification using the PRA waterfall.
p. HAMP PRA NPV Result	The result of the NPV test under the PRA Waterfall (Positive/Negative)

### TIER2 NPV Output

Result Field (Column)	Description
w. TIER2 Value No Mod	The NPV of the loan without a modification.
x. TIER2 Value Mod	The NPV of the loan with a modification using the Tier 2 standard waterfall.
y. TIER2 NPV Test	<p>The result of the NPV test under the Tier 2 standard modification waterfall (Positive, Negative, Ineligible- DTI, Ineligible-Payment or Ineligible- DTI &amp; Payment).</p> <p><b>Positive</b> means the TIER2 NPV Value Mod is greater than or equal to TIER2 NPV Value No Mod.</p> <p><b>Negative</b> means the TIER2 NPV Value Mod is less than the TIER2 NPV Value No Mod.</p> <p><b>Ineligible – DTI</b> means the loan is ineligible for Tier 2 standard modification due to an out-of-range post modification DTI (less than 25% or greater than 42%).</p> <p><b>Ineligible – Payment</b> means the loan is ineligible for Tier 2 standard modification due to a less- than-10% P&amp;I payment reduction based on the contractual P&amp;I.</p> <p><b>Ineligible – DTI &amp; Payment</b> means the loan is ineligible for Tier 2 standard modification due to an out-of-range post-modification DTI and the P&amp;I payment reduction is less than 10% based on the contractual P&amp;I.</p>

### TIER2 PRA NPV Output

Result Field (Column)	Description
ee. TIER2 PRA Value No Mod	The NPV of the loan without a modification.
ff. TIER2 PRA Value Mod	The NPV of the loan with a modification using the Tier 2 PRA standard waterfall.
gg. TIER2 PRA NPV Test	<p>Result of the NPV test under the Tier 2 PRA waterfall (Positive, Negative, Ineligible-DTI, Ineligible-Payment or Ineligible-DTI &amp; Payment).</p> <p><b>Positive</b> means the TIER2 NPV PRA Value Mod is greater than or equal to TIER2 NPV PRA Value No Mod.</p> <p><b>Negative</b> means the TIER2 NPV PRA Value Mod is less than the TIER2 NPV PRA Value No Mod.</p> <p><b>Ineligible – DTI</b> means the loan is ineligible for Tier 2 PRA modification due to an out-of-range post-modification DTI (less than 25% or greater than 42%).</p> <p><b>Ineligible – Payment</b> means the loan is ineligible for Tier 2 PRA modification due to a less- than-10% P&amp;I payment reduction based on the contractual P&amp;I.</p> <p><b>Ineligible – DTI &amp; Payment</b> means the loan is ineligible for Tier 2 PRA modification due to an out-of-range post-modification DTI and the payment reduction is less than 10% based on the contractual P&amp;I.</p>

A complete list of all result field descriptions can be found on the secure side of HMPAdmin.com under Base NPV Model Tools & Documents > Base NPV Model User

### Interpreting Results – Non-GSE

<b>NPV Positive:</b>	The Net Present Value of the proposed modified loan: <b>(NPV Value Mod)</b> is <b>greater than</b> the NPV of the unmodified loan <b>(NPV Value No Mod)</b> .
<b>NPV Negative:</b>	The Net Present Value of the proposed modified loan: <b>(NPV Value Mod)</b> is <b>less than</b> the NPV of the unmodified loan <b>(NPV Value No Mod)</b> .
<b>NPV Test Result Blank:</b>	You must refer to the Base NPV User Guide – Step 3: Collect the results with the list of codes and descriptions indicating the error.

Waterfall Type	NPV Result		Servicer Action
<b>Standard</b>	Positive	➔	<ul style="list-style-type: none"> <li>• MUST modify the borrower's loan to the terms of the Standard Modification Waterfall, or</li> <li>• MAY modify the borrower's loan to the terms of the Alternative Modification Waterfall.</li> </ul>
<b>Alternative</b>	Positive		
<b>Standard</b>	Positive	➔	<ul style="list-style-type: none"> <li>• MUST modify the borrower's loan to the terms of the Standard Modification Waterfall, or</li> <li>• MAY modify the loan to the terms of the Alternative Modification Waterfall.</li> </ul>
<b>Alternative</b>	Negative		
<b>Standard</b>	Negative	➔	<ul style="list-style-type: none"> <li>• ENCOURAGED to modify the borrower's loan to the terms of the Alternative Modification Waterfall.</li> </ul>
<b>Alternative</b>	Positive		
<b>Standard</b>	Negative	➔	<ul style="list-style-type: none"> <li>• MAY modify the borrower's loan to the terms of the Standard or Alternative Modification Waterfall.</li> </ul>
<b>Alternative</b>	Negative		

### Interpreting Results – GSE

Waterfall Type	NPV Result		Servicer Action
<b>Standard</b>	Positive	➔	<ul style="list-style-type: none"> <li>• MUST modify the borrower's loan to the terms of the Standard Modification Waterfall</li> </ul>
<b>Standard</b>	Negative	➔	<ul style="list-style-type: none"> <li>• MUST NOT modify without GSE approval.</li> </ul>

**Non-GSE Loans:** NPV will now be run as a **single evaluation process**. The NPV model will return NPV results for HAMP Tier 1 and HAMP Tier 2, standard and alternative; as well as HAMP Tier 2 modification terms, if applicable.

## Interpreting Results Non-GSE with Tier2

Occupancy Eligibility	Tier 1 Result	Tier 2 Result	Offer
<b>Owner-Occupied HAMP Tier 1 Eligible</b>	Positive	Positive	<b>Tier 1</b>
	Positive	Negative/Positive	<b>Tier 1</b>
	Negative	Positive	<b>Tier 2 Tier 1 (optional)</b>
	Negative	Negative	<b>Tier 1 Tier 2 (optional)</b>
<b>Rental Property or other HAMP Tier 1 Ineligible</b>	N/A	Positive	<b>Tier 2</b>
	N/A	Negative	<b>Tier 2 (optional)</b>

### Additional Information:

<b>HAMP Modification Not Eligible</b>	<ul style="list-style-type: none"> <li>If a modification is not pursued for any reason, you must consider the borrower for other loss mitigation options, including an alternative modification program, deed-in-lieu, or pre-foreclosure sale.</li> </ul>
<b>NPV Negative Loans</b>	<ul style="list-style-type: none"> <li>For non-GSE mortgages serviced on behalf of a third-party investor where the NPV result is negative, you may perform the modification only if you have the express permission of the investor.</li> </ul>
<b>Tier 1 - Loans with Principal Forbearance</b>	<ul style="list-style-type: none"> <li>Refer to <i>MHA Handbook</i> Chapter II, Section 6.6.1 or GSE guidance for Principal Forbearance Limit.</li> </ul>