

HAMP Reporting System Servicer Release Preview

April 6, 2012

The following Home Affordable Modification Program (HAMP) Reporting System Servicer Release Preview provides an overview of the planned enhancements to the HAMP Reporting System. This release is scheduled for implementation on September 4, 2012. Additional information about the release, including detailed release notes, will be made available prior to the release.

This release will include functionality to support:

[Supplemental Directive \(SD\) 12-02: Making Home Affordable Program – MHA Extension and Expansion](#), which extends the deadline of the MHA Program to the end of 2013 and introduces an additional set, or “Tier” of evaluation criteria, which will allow an expanded population of borrowers to qualify for benefits under the program. This additional set of criteria is referred to as Tier 2, which becomes effective on June 1, 2012. The existing HAMP modification is referred to as HAMP Tier 1 and will continue to provide an affordable modification option for principal residences. The guidance within SD 12-02 does not apply to mortgage loans that are owned or guaranteed by Fannie Mae or Freddie Mac, insured or guaranteed by the Veterans Administration or, except as specifically noted in the Supplemental Directive, insured or guaranteed by the Department of Agriculture’s Rural Housing Service (RHS) or the Federal Housing Administration (FHA).

MHA Program Extension

The program has been extended to December 31, 2013. This applies to both HAMP Tier 1 and HAMP Tier 2, as well as the Home Affordable Foreclosure Alternatives (HAFA) program, the Unemployment Program (UP), the Second Lien Modification Program (2MP), and Treasury FHA-HAMP and Rural Development-HAMP (RD-HAMP). For incentive compensation, the transaction under each of these programs must be completed on or before September 30, 2014.

Base NPV Model 5.0

Version 5.0 of the Base NPV Model will be implemented on June 1, 2012. Servicers will not be able to report Base NPV Model 5.0 data elements until after the September 4, 2012 release of the HAMP Reporting Tool.

Implications for HAMP Tier 1 and HAMP Tier 2

- On a HAMP Tier 1 or HAMP Tier 2 modification, in addition to the current criteria, a property may be considered as an owner-occupied property if the borrower has been displaced (e.g., military deployment, permanent change of station orders, out of area job transfer, foreign service assignment), but was occupying the property as a principal residence immediately prior to the displacement, intends to re-occupy the property as a principal residence in the future, and the current occupant is not a tenant.
- A borrower is entitled to only one HAMP Tier 1 modification and may not be reconsidered for HAMP Tier 1 with respect to the subject property or any other property after failing a HAMP Tier 1 trial period plan or losing good standing on a HAMP Tier 1 permanent modification.
- Borrowers are eligible to receive up to a total of four permanent modifications: three permanent modifications of three different mortgages under HAMP Tier 2 and one for HAMP Tier 1.
- Beginning with the September 4, 2012 release, monthly trial payment activity reporting is no longer required and will no longer be accepted by the HAMP Reporting Tool on Tier 1 and is not required for Tier 2.
- No mortgage loan may be modified more than once in either HAMP Tier 1 or HAMP Tier 2.

- Servicers are now required to consider a borrower for UP assistance regardless of the borrower's monthly mortgage payment ratio.
- Servicers are now required to consider a borrower for UP assistance regardless of whether the borrower had a payment default on a HAMP Tier 1 HAMP trial period plan or lost good standing on a HAMP Tier 1 permanent HAMP modification.
- Servicers may now grant UP assistance to borrowers whose loan is secured by a vacant or tenant-occupied property.

HAMP Tier 2 Key Characteristics

- Borrowers on properties that are *not* owner-occupied, subject to specific parameters defined in SD 12-02, are eligible for evaluation for HAMP Tier 2 modification (but not for imminent default consideration).
- Borrowers who have fallen out of a HAMP Tier 1 trial period plan are eligible for evaluation for HAMP Tier 2 modification.
- Borrowers whose pre-modification monthly mortgage payment is below the minimum 31 percent front end debt-to-income (DTI) ratio under HAMP Tier 1 are eligible for evaluation for HAMP Tier 2 modification.
- Borrowers who cannot meet the underwriting requirements for a HAMP Tier 1 modification (e.g., the servicer cannot achieve the target monthly mortgage payment ratio without excessive forbearance or the result of the NPV test is negative) are eligible for evaluation for HAMP Tier 2 modification.
- Borrowers evaluated for a HAMP modification that were not offered a modification prior to June 1, 2012, are eligible for a HAMP Tier 2 evaluation, provided the non-approval was *not* due to borrower fraud or non-compliance.
- Borrowers with a payment default on a HAMP Tier 1 trial period plan are eligible for evaluation for HAMP Tier 2 modification.
- Borrowers that lost good standing under a HAMP Tier 1 permanent modification are eligible for evaluation for HAMP Tier 2 modification as long as at least 12 months have passed since the HAMP Tier 1 modification effective date or the borrower has experienced a change of circumstance (as defined by the servicer's written policy).
- Borrowers whose post-modification DTI, as indicated by the NPV Model version 5.0, is less than 25 percent or greater than 42 percent (Acceptable DTI Range) are not eligible for HAMP Tier 2 modification.
- Borrowers whose modified monthly P&I payment represents a reduction of less than 10 percent compared to the pre-modification monthly P&I payment in effect at the time of consideration for HAMP Tier 2 are not eligible for HAMP Tier 2 modification.

Trial and Official Loan Setup

Monthly trial payment activity reporting to the HAMP Reporting Tool will no longer be required or accepted for HAMP modifications. First trial payment due date continues to be required on loan setup. In addition, servicers must continue to deliver a "full-file" status report to the four major credit repositories for each loan under HAMP in accordance with the Fair Credit Reporting Act and credit bureau requirements as provided by the Consumer Data Industry Association.

In a future release of the HAMP Reporting Tool, servicers will report trial cancellations via Additional Data Reporting. New reason codes being added to the Additional Data Reporting schema will enable this. The September 4, 2012 release Loan Setup schema will no longer include Submission Status 5. Trial Cancel. After implementation of the September 4, 2012 release, servicers will continue to be able to report trial cancellations via Submission Status 5. Trial Cancel in the adoption period, during which the January 2011 schema as well as the September 4, 2012 schema will both be supported for loan setup as well as Additional Data Reporting. Servicers will be notified well in advance when the legacy schema will be retired in a future release.

The following new Program Type/Campaign IDs are being added for HAMP Tier 2:

- HMP 21 - HAMP Tier 2 Default
- HMP 22 - HAMP Tier 2 Imminent Default
- HMP 27 - HAMP Tier 2 Current

The following conditional attribute has been added to the Trial and Official Loan Setup and Official Correction transactions for HAMP Tier 1 and HAMP Tier 2:

- HAMP Tier 2 Investor Override Indicator (Y/N), which indicates if there is an Investor restriction for a modification. It is required only for HAMP Tier 2.

Additional Data Requirements Reporting (Formerly SD 09-06)

The updated schema for HAMP Additional Data Requirements (ADR) being introduced with the September 4, 2012 release will require the following new mandatory attributes on Schedule I - Identifying Information:

- Additional Data Reporting Type Code, which indicates the purpose of the transaction
- Modification Evaluation Date, which must be equal to NPV Date
- Investor Code, which has been moved from Schedule III and is now mandatory

Modification Evaluation Date must be equal to NPV Date (date of the NPV run used to determine trial modification eligibility). If NPV is not run, the Modification Evaluation Date should be the date the non-approval is determined.

The updated schema will not require servicers to re-report schedule II (GMI) and schedule III (NPV inputs and outputs) if that information has already been reported. In the Schedule I attributes, an additional enumeration has been added to each of the following attributes:

- Race/Ethnicity/Gender Source Type Code – 6. Previously Reported
- NPV Model Type Code – 5. Base NPV Model – Servicer hosted and NPV previously reported

In addition, the new schema will introduce the following conditionally required attributes for NPV Model Type Code 2 - Servicer hosted Base NPV Model for Schedule III - NPV Model Inputs:

- HAMP Tier 2 Amortization Term After Modification
- HAMP Tier 2 Interest Rate After Modification
- HAMP Tier 2 Principal and Interest Payment After Modification
- HAMP Tier 2 PRA Amortization Term After Modification
- HAMP Tier 2 PRA Interest Rate After Modification
- HAMP Tier 2 PRA Principal and Interest Payment After Modification
- HAMP Tier 2 PRA Unpaid Principal Balance After Modification
- HAMP Tier 2 Unpaid Principal Balance After Modification
- HAMP Tier 2 NPV Model Result Amount Post-mod
- HAMP Tier 2 NPV Model Result Amount Pre-mod
- HAMP Tier 2 NPV Test Result
- HAMP Tier 2 PRA NPV Model Result Amount Post-mod
- HAMP Tier 2 PRA NPV Model Result Amount Pre-mod
- HAMP Tier 2 PRA NPV Test Result

- HAMP Tier 2 Principal Forbearance Amount
- HAMP Tier 2 PRA Principal Write-down (Forgiveness)
- HAMP Tier 1 Not Offered Reason Code
- Monthly Gross Rental Income Amount
- Primary Residence Total Housing Expense Amount
- NPV Capitalized UPB Amount
- Occupancy Eligibility Type Code
- HAMP Tier 2 Investor Override Indicator
- HAMP Tier 2 Override Amortization Term
- HAMP Tier 2 Override Forbearance Amount
- HAMP Tier 2 Override Interest Rate
- HAMP Tier 2 Override PRA Principal Forgiveness Amount
- HAMP Tier 2 Non-PRA Forgiveness Amount

Schedule IV Reason Codes for loans evaluated after June 1, 2012 – servicers will be required to report a reason code for each loan that is evaluated for but not offered HAMP Tier 1 (e.g., pre-mod less than 31 percent DTI; excessive forbearance; or NPV negative for HAMP Tier 1). And, if applicable, a separate reason code will be required if HAMP Tier 2 is not offered. For instance, if a mortgage that is owner occupied is evaluated for a HAMP Tier 2 modification and not previously offered a HAMP Tier 1, the servicer must provide a HAMP Tier 1 Reason Code indicating why a HAMP Tier 1 modification was not offered. If a mortgage loan was previously offered a HAMP Tier 1 modification and subsequently evaluated for HAMP Tier 2 because of loss of good standing in HAMP Tier 1 official or fell out of HAMP Tier 1 trial, the servicer must report reason codes specific to the circumstance. Servicers will be required to report Trial fallout reason codes that apply to the current modification.

Please see Exhibit for illustrative examples for ADR reporting once the September 4, 2012 release schema has been implemented. Note the exhibit contains only key examples and does not represent all possible scenarios.

Data Quality Edits

Because of the expanded eligibility criteria for HAMP Tier 2, certain existing eligibility edits will be modified to only apply to HAMP Tier 1 and new, HAMP Tier 2 specific edits will be implemented. For example, edits enforcing occupancy will have to be specific to HAMP Tier 1 or HAMP Tier 2. In addition, certain edits will be modified to only apply to FHA and RD-HAMP due to updates to the HAMP Program.

Servicers are encouraged to refer to the initial versions of Data Dictionaries on HMPAdmin.com for the full list of attributes, definitions, and associated edits. The affected Data Dictionaries are:

- HAMP
- 2MP
- HAFA
- ADR
- FHA-HAMP
- RD-HAMP

Incentive Compensation Structure

Borrower, servicer, and investor incentives for HAMP Tier 1 remain unchanged. Loans modified under HAMP Tier 2 are not eligible for Borrower Pay-for-Performance or Servicer Pay-for-Success incentives. HAMP Tier 2 modifications are eligible to receive the upfront Servicer Compensation Incentive Payment currently available under HAMP Tier 1.

The upfront Servicer Compensation Incentive Payment on all HAMP Tier 1 and HAMP Tier 2 modifications with a First Trial Payment Due Date on or after October 1, 2011 will be based on the number of days the borrower is delinquent, as currently defined for HAMP Tier 1.

HAMP Tier 2 modifications are eligible to receive the investor Monthly Payment Reduction Cost Share incentives for HAMP Tier 2 permanent modifications, as follows: The lesser of 50% of: a) the P&I payment reduction or b) 15% of the pre-modification P&I. The Monthly Payment Reduction Cost Share incentive for HAMP Tier 2 modifications is earned over 5 years, starting from the Modification Effective Date and paid monthly as long as the loan is not paid off and in good standing.

HAMP Tier 2 modifications are eligible to receive the investor Current Borrower incentive currently available under HAMP Tier 1 (defined in SD 12-02) if the securing property is owner occupied.

HAMP Tier 2 modifications are also eligible to receive the investor HPDP incentive based on the same structure defined for HAMP Tier 1 modifications.

HAMP Tier 2 modifications are eligible to receive the investor Principal Reduction Alternative (PRA) incentive under the PRA incentive rate schedule that became effective for loans with 1st Trial Period Due Dates on or after March 1, 2012.

Servicers are encouraged to refer to the Consolidated Compensation Matrix, published on HMPAdmin.com.

HAMP Reporting Tool Reports


The following additions and updates will be made to the reports displayed on the HAMP Reporting Tool:

- A new, HAMP Tier 2 specific version of the HAMP Master Servicer Loan Reconciliation Report will be created and delivered through the HAMP Reporting Tool.
- The Cash Payment Summary Report will be modified to include HAMP Tier 2 information.
- Disqualified Loans Report will be updated to include HAMP Tier 2 loans that are disqualified in that reporting cycle.
- Missing OMRs Report will be updated to include first lien HAMP Tier 2 loans with missing OMRs.

Reporting Guidelines

The HAMP Reporting Tool will continue to support the January 2011 versions of the file schemas for HAMP First Lien Official loan setup and Official Correction and the Additional Data Requirements reporting. A new schema that supports both HAMP Tier 1 and HAMP Tier 2 is being introduced with the September 4, 2012 release. The new September 4, 2012 release schema is required for reporting HAMP Tier 2 Official setup and Official Correction as well as Additional Data Requirements. These new schemas are being introduced in the September 4, 2012 release. Previous HAMP First Lien and Additional Data Requirements schemas will be retired after the September 4, 2012 release, with a subsequent HAMP Reporting Tool update. Servicers will be notified well in advance of the retirement date for the January 2011 schema versions. After retirement, servicers will be required to use the September 4, 2012 release versions of the schemas to report both HAMP Tier 1 and HAMP Tier 2.

Evaluations after June 1st, 2012 that require reporting a Trial Not Approved/Not Accepted reason code must not be reported to the HAMP Reporting Tool until the September 4 release schemas are available. If Trial Not



Approved/Not Accepted reason codes are reported after June 1, 2012 but prior to September 4, 2012, they will have to be re-reported after September 4, 2012.

Items Not in Scope for September 4, 2012 HAMP Reporting Tool Release

With the exception of the program extension to December 31, 2012, updates related to the HAFA, 2MP, Treasury FHA-HAMP and RD-HAMP Programs described in SD 12-02 are not in scope for the September 4, 2012 release of the HAMP Reporting Tool. The changes will be implemented in a subsequent release. Temporary edits preventing HAMP Tier 2 submissions for HAFA or 2MP will be implemented in the September 4, 2012 release. The edits will not prevent the cancellation of a 2MP (i.e., servicers will continue to be able to submit cancellations on 2MP loans associated with a first lien that existed prior to HAMP Tier 2). Loan status and 2MP and HAFA compensation will be updated accordingly to align with the SD 12-02 effective date once the changes are implemented in the HAMP Reporting Tool. Servicers will be able to submit 2MP and HAFA transactions that are associated with HAMP Tier 1 first lien modifications even if the HAMP Tier 1 modification was boarded after the September 4, 2012 release was implemented.

Servicers are encouraged to review the referenced program-related data dictionaries on HMPadmin.com when they become available. Refer to the **Current Change Log** tab in each document for updates and changes resulting from this release.

Support

For more information or questions regarding this release preview, contact the HAMP Solution Center at 1-866-939-4469; to reach Lender Processing Services, Inc. (LPS), select option 1, and then select option 5. You may also contact your HAMP Servicer Integration Team (SIT) Lead.

Exhibit – Additional Data Reporting Example Scenarios

Desired Action	Loan Details	Additional Data Reporting Type Code	Required Schedule(s)	Schedule IV	Schedule I: Race/Ethnicity/Gender Source Type Code	Schedule I: NPV Model Type Code	Mod Eval Date
Report ADR for existing T1 Trial or Official	Existing T1 Trial or Official	1-Tier 1	I, II, III*	n/a	Required	Required; 1. Base NPV Model - Treasury hosted, 2. Base NPV Model - Servicer hosted	Prior to 6/1/12 or on or after 6/1/12
Report ADR for existing T2 Trial or Official	Existing T2 Trial or Official	2 - Tier 2	I, II, III*, IV	HAMP Tier 1 Not Offered Reason Code	Required	Required; 1. Base NPV Model - Treasury hosted, 2. Base NPV Model - Servicer hosted	On or after 6/1/12
Correct GMI Data for a T1	Existing T1 Trial or Official	1 - Tier 1	I, II	N/A	Required	5. Base NPV Model - Servicer hosted and NPV previously reported	Prior to 6/1/12 or on or after 6/1/12
Correct GMI Data for a T2	Existing T2 Trial or Official	2 - Tier 2	I, II	N/A	Required	5. Base NPV Model - Servicer hosted and NPV previously reported	On or after 6/1/12
Correct NPV Data for T1	Existing T1 Trial or Official	1 - Tier 1	I, III	N/A	6. Previously Reported	2. Base NPV Model - Servicer hosted	Prior to 6/1/12 or on or after 6/1/12
Correct NPV Data for T2	Existing T2 Trial or Official	2 - Tier 2	I, III	N/A	6. Previously Reported	2. Base NPV Model - Servicer hosted	On or after 6/1/12

Desired Action	Loan Details	Additional Data Reporting Type Code	Required Schedule(s)	Schedule IV	Schedule I: Race/Ethnicity/Gender Source Type Code	Schedule I: NPV Model Type Code	Mod Eval Date
Cancel existing T1; I did not report ADR previously	Existing T1 Trial to be cancelled	1 - Tier 1	I, II, III*, IV	Trial Fallout Reason Code	Required	Required; 1. Base NPV Model - Treasury hosted, 2. Base NPV Model - Servicer hosted	Prior to 6/1/12 or on or after 6/1/12
Cancel existing T1 or update Trial Fallout Reason code; I've already reported ADR	Existing T1 Trial to be cancelled	1 - Tier 1	I, IV	Trial Fallout Reason Code	6. Previously Reported	5. Base NPV Model - Servicer hosted and NPV previously reported	Prior to 6/1/12 or on or after 6/1/12
Update Trial Fallout Reason code T1; I've already reported ADR	T1 Trial in Cancel Mode	1 - Tier 1	I, IV	Trial Fallout Reason Code	6. Previously Reported	5. Base NPV Model - Servicer hosted and NPV previously reported	Prior to 6/1/12 or on or after 6/1/12
Cancel existing T2; I did not report ADR previously	Existing T2 Trial to be cancelled	2 - Tier 2	I, II, III*, IV	Trial Fallout Reason Code & HAMP Tier 1 Not Offered Reason Code	Required	Required; 1. Base NPV Model - Treasury hosted, 2. Base NPV Model - Servicer hosted	On or after 6/1/12
Cancel existing T2; I've already reported ADR	Existing T2 Trial to be cancelled	2 - Tier 2	I, IV	Trial Fallout Reason Code	6. Previously Reported	5. Base NPV Model - Servicer hosted and NPV previously reported	On or after 6/1/12

Desired Action	Loan Details	Additional Data Reporting Type Code	Required Schedule(s)	Schedule IV	Schedule I: Race/Ethnicity/Gender Source Type Code	Schedule I: NPV Model Type Code	Mod Eval Date
Update Trial Fallout Reason code T2; I've already reported ADR	T2 Trial in Cancel Mode	2 - Tier 2	I, IV	Trial Fallout Reason Code	6. Previously Reported	5. Base NPV Model - Servicer hosted and NPV previously reported	On or after 6/1/12
Report Not Approved Not Accepted Reason Code for loan evaluated prior to 6/1/12	No T1 Trial or Official exist	3 - HAMP NANA	I, II, III*, IV	Trial Not Approved/Not Accepted Reason Code	Required	Required; 1. Base NPV Model - Treasury hosted, 2. Base NPV Model - Servicer hosted or 3. NPV model not yet executed	Prior to 6/1/12
Correct or Update a Not Approved Not Accepted Reason Code for loan evaluated prior to 6/1/12	No T1 Trial or Official exist	3 - HAMP NANA	I, IV	Trial Not Approved/Not Accepted Reason Code	6. Previously Reported	5. Base NPV Model - Servicer hosted and NPV previously reported	Prior to 6/1/12
Report Not Approved Not Accepted Reason Code for a Loan evaluated Post 6/1/12	No T1 or T2 Trial or Official exist	3 - HAMP NANA	I, II, III*, IV	Trial Not Approved/Not Accepted Reason Code & HAMP Tier 1 Not Offered Reason Code	Required	Required; 1. Base NPV Model - Treasury hosted, 2. Base NPV Model - Servicer hosted or 3. NPV model not yet executed	On or after 6/1/12

Desired Action	Loan Details	Additional Data Reporting Type Code	Required Schedule(s)	Schedule IV	Schedule I: Race/Ethnicity/Gender Source Type Code	Schedule I: NPV Model Type Code	Mod Eval Date
Correct a Not Approved Not Accepted Reason code for a loan evaluated post 6/1/12	No T1 or T2 Trial or Official exist	3 - HAMP NANA	I, IV	Trial Not Approved/Not Accepted Reason Code and/or* HAMP Tier 1 Not Offered Reason Code	6. Previously Reported	5. Base NPV Model - Servicer hosted and NPV previously reported	On or after 6/1/12

* Only required if Schedule I: NPV Model Type Code = 2- Base NPV Model- Servicer Hosted