

HAMP Reporting System Servicer Release Preview

October 3, 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 Monday, December 3, 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 \(SD\) 12-01: Making Home Affordable Program – Principal Reduction Alternative and Second Lien Modification Program Investor Incentives Update](#) as it pertains to increased Second Lien Modification Program (2MP) investor extinguishment incentive compensation for those second lien loans that include full or partial extinguishment with modification or extinguishment effective dates on or after June 1, 2012.

[Supplemental Directive \(SD\) 12-02: Making Home Affordable Program – MHA Extension and Expansion](#) as it pertains to extending the deadline of the MHA Program to the end of 2013 for the Home Affordable Foreclosure Alternative (HAFA), 2MP, Treasury FHA-HAMP and RD-HAMP programs. 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 SD, insured or guaranteed by the Department of Agriculture's Rural Housing Service (RHS) or the Federal Housing Administration (FHA).

Second Lien Program Compensation Updates

Second lien modifications or extinguishments with a modification or extinguishment effective date on or after June 1, 2012 that include a full or partial extinguishment will be compensated with the increased second lien investor extinguishment incentive payments in accordance with guidance specified in SD 12-01. The details of the structure for 2MP investor extinguishment compensation can be found in the [MHA Compensation Matrix](#) on HMPadmin.com and in [SD 12-01](#).

Upon implementation in December, a one-time adjustment payment will be made to "true-up" the second lien investor extinguishment amount for second lien permanent modifications that include full or partial extinguishments with effective dates on or after June 1, 2012.

The Second Lien Program

This release allows 2MP loans to board the HAMP Reporting System when the corresponding first lien has been modified under HAMP Tier 2 and meets all other existing eligibility criteria. Additionally, for instances where a 2MP modification was originally modified and reported to the HAMP Reporting System under a first lien HAMP Tier 1 modification that has been re-modified under HAMP Tier 2, the system will reinstate the 2MP modification and incentives (if applicable) upon successful boarding of the first lien HAMP Tier 2 permanent modification.

Additionally, the 2MP full extinguishment transaction will be updated to add Amount Capitalized as an optional field.

MHA Program Extension

In accordance with the policy specified in SD 12-02, this release will extend the HAFA, 2MP, FHA-HAMP and RD-HAMP programs to December 31, 2013. To be successfully reported to the HAMP Reporting System, the transaction under each of these programs must be completed on or before September 30, 2014 (e.g., the HAMP or 2MP permanent modification must have a modification effective date on or before September 30, 2014 or the HAFA short sale or deed-in-lieu of foreclosure must have a transaction closing date on or before September 30, 2014).

The HAFA Program

This release will expand the HAFA program, to support policy specified in SD 12-02. In particular, this release will:

- Allow a HAFA against a HAMP Tier 2 modification with no occupancy requirements.
- Limit borrower relocation incentives to HAFA short sale or DIL transactions where the property is occupied by a borrower or a tenant at the time the short sale (HMP3) / DIL (HMP5) agreement is executed and who will be required to vacate the property as a result of the short sale or DIL.
- Raise the allowable subordinate release amount from \$6,000 to \$8,500. Investors continue to be reimbursed one dollar for every three dollars of short sale proceeds paid to a subordinate mortgage holder up to \$2,000.

The following HAFA Program Type/Campaign IDs (DD10) are being updated to support these changes, which will be used on the HAFA Notification and HAFA Loan Setup inbound transactions:

- HMP3 - Deed-in-lieu with Relocation Compensation
- HMP5 - Short Sale with Relocation Compensation
- HMP23 - Deed-in-lieu without Relocation Compensation
- HMP25 - Short Sale without Relocation Compensation

Additional HAFA Changes

- The HAFA Loan Setup transaction will no longer automatically set a matched first lien HAMP active permanent modification to a paid off state. A final payment transaction with a corresponding pay-off date for the first lien HAMP permanent modification must be reported prior to the HAFA Loan Setup submission if the first lien record is still active.
- The system will no longer automatically apply Disbursement Suspense on HAFA compensation if the matched first lien modification has one or more first lien HAMP compensation types in Disbursement Suspense.

Data Quality Edits

Because of the expanded eligibility criteria in SD 12-02, certain existing edits will be modified for HAFA, 2MP, Treasury FHA-HAMP and RD-HAMP. Additionally, certain edits will be modified to eliminate manual workarounds for valid business scenarios. The following are examples of these changes:

- 2MP edits 2LIR-166 and 2PEXLIR-152 will be changed to allow 2MP servicers to submit interest-only loans where the post-modification principal and interest is greater than the pre-modification principal and interest.
- A new 2MP edit (2EXTLIR-169) is being added to ensure Principal Write-down (Forgiveness) equals Unpaid Principal Balance Before Modification or Extinguishment plus Amount Capitalized, if provided.
- HAFA edit HAFLIR-97 will be changed to allow HAFA servicers to submit transactions where the HAFA Transaction Closing Date is on the same day as the HAFA Borrower Execution Date.

- HAFA edit HAFLIR-98 will be eliminated to accept HAFA transactions where the Transaction Closing Date is after the Agreement Expiration Date.
- A new HAFA edit (HAFLIR-219) is being added to ensure the HAFA Loan Setup's Transaction Closing Date is the same month as the Payoff Action Code Date reported on the matched Payoff OMR.

Servicers are encouraged to refer to the initial versions of the 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 and RD-HAMP.

HAMP Reporting Tool Reports

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

The First Lien Matching File – This interface will be updated to add a Remodification Type Code (DD1001) to identify instances where a first lien loan has been re-modified under HAMP Tier 2. Also, a first lien MHA Loan Identifier (DD968) will be added. The value of this ID will persist even if the first lien modification is transferred to a different servicer or is re-modified. Additionally, a new Modification Type Code (DD1002) will be added as a means to differentiate the type of modification (e.g., HAMP Modification or HAMP GSE Modification).

The Master Servicer Loan Level Reconciliation Interface to Servicers for 2MP (BPS003) – Because 2MP loans can be associated to more than one first lien modification over time, a new attribute will be added to represent the Financial Asset Identifier of the corresponding first lien modification that the HAMP Reporting System selects for compensation definitions (Second Lien Setup First Lien Financial Asset ID). Additionally, the first lien Servicer Number and first lien Loan Number will always be populated with the information from the corresponding first lien loan that is currently associated to the 2MP loan.

The Master Servicer Loan Level Reconciliation Interface to Servicers for HAFA (BPS003) – New key attributes will be added to this interface, including MHA Loan Identifier, which serves as a primary key between the HAFA record and its matched first lien, and a new HAFA Initial First Lien Financial Asset ID. Additionally, a new attribute, Legacy HAFA Financial Asset ID, will be added. This attribute will only be populated for HAFAs existing prior to the December 3, 2012 release and will consist of the Financial Asset ID of the matched first lien modification to which the HAFA was previously linked.

The Missing OMRs Report (BPS017) – This interface will be updated to account for instances when a HAMP Tier 1 permanent modification that lost good standing is re-established as an Official HAMP Tier 2 and the Tier 2 Official Loan Setup transaction reinstates a corresponding 2MP modification (if it exists) to active payment. When this occurs, the system will reflect the missing 2MP loan payment data if no payment activity is reported by the 2MP servicer.

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.