

HAMP Loan Reporting Release Preview—Update

June 28, 2010

The following Home Affordable Modification Program (HAMP) Loan Reporting Release Preview provides a high-level overview of a planned enhancement for the **HAMP Reporting Tool**, scheduled for implementation on **Monday, August 2, 2010**.

Additional information about the release, including detailed release notes, will be made available prior to the release.

Release Highlights

This release will include new functionality to support:

- the Second Lien Modification Program (2MP) (Supplemental Directive 09-05 Revised);
- the Treasury FHA-HAMP Program (Supplemental Directive 10-03); and
- a bankruptcy plan in lieu of a HAMP trial period (Supplemental Directive 10-02).

In addition, it will include enhancements to functionality for Participation Program Cap allocation monitoring.

The following data dictionaries have been updated to accommodate this release:

- HAMP Data Dictionary
- HAFA Data Dictionary
- HAMP Supplemental Directive 09-06 Data Dictionary
- 2MP Data Dictionary

The following data dictionaries have been added to accommodate the new programs and functionality available with this release:

- Treasury FHA-HAMP Data Dictionary
- HAMP Servicer Registration Data Dictionary

All data dictionaries and their associated appendices are located on HMPadmin.com.

Second Lien Modification Program Functionality

With this release, servicers will be able to report on loans modified under the Second Lien Modification Program (2MP).

The Second Lien Modification Program, introduced in *Supplemental Directive 09-05 Revised: Introduction of the Second Lien Modification Program*, is a complementary program to HAMP for non-GSE mortgages. Under 2MP, when a borrower's first lien is modified under HAMP and the servicer of the second lien is a 2MP participant, that servicer must offer to modify the borrower's second lien according to a defined protocol, to accept a lump sum payment from Treasury in exchange for full extinguishment of the second lien or to accept a lump sum payment from Treasury in exchange for a partial extinguishment and modify the remaining borrower's second lien according to a defined protocol. All servicers of eligible second liens may participate in

2MP. A servicer does not need to service the related first lien or participate in HAMP in order to participate in 2MP.

Servicer Registration

Servicers are required to execute a Servicer Participation Agreement (SPA) and register to participate in 2MP. The 2MP registration form and SPA are located on HMPadmin.com. In addition, all servicers must register to use the HAMP Reporting Tool with Lender Processing Services, Inc. (LPS) before submitting 2MP-related transactions. To enter 2MP-related transactions, the servicer must have a unique 2MP HAMP Servicer Number. As a result, servicers participating only in 2MP will receive both a HAMP Servicer Number and a HAMP Registration Number; existing HAMP first mortgage servicers will only receive a new HAMP Servicer Number.

2MP Reporting

Similar to requirements for HAMP, servicers will be required to provide periodic loan-level 2MP-related data using the HAMP Reporting Tool. Data must be reported for:

- 2MP Official Modifications
- 2MP Official Modifications with Partial Extinguishment
- 2MP Full Extinguishments
- Monthly activity reports (2OMR)
- 2MP Cancellations

Servicers will not report 2MP trial period loan setup records or the receipt of 2MP trial period payments.

The 2MP Data Dictionary detailing all of the required data attributes for the transactions listed can be found on HMPadmin.com.

2MP-related transactions are due no later than the fourth business day of the month in which the modification or extinguishment is effective. With this release, the HAMP Reporting Tool will facilitate the reporting of these transactions through either file upload or new user interface forms. 2MP-related file schemas will be available on HMPadmin.com prior to the release.

2MP loan-level transactions will be processed through a suite of business edits similar to those transactions relating to HAMP. Edit warnings and failures will generate an XML response file that servicers can view and download from the Reports tab of the user interface. Servicers will need to view both the LPS response file and the Fannie Mae response file to ensure all warnings and errors are corrected.

Compensation

Six compensation types are offered for 2MP:

- Second Lien Servicer Incentive Payment
- Second Lien Full Extinguishment Payment
- Second Lien Partial Extinguishment Payment
- Second Lien Investor Subsidy Payment
- Second Lien Servicer Success Payment
- Second Lien Borrower Success Payment

An updated Consolidated Compensation Matrix detailing the calculations for these compensation types will be available on HMPAdmin.com prior to this release. Program incentives will be distributed through the existing Automatic Clearing House (ACH) process. With this release of the HAMP Reporting Tool, loan-level details of the incentive payments will be included in a new 2MP Cash Payment Summary Report.

NOTE: *Note: 2MP Not Approved / Not Accepted Transactions functionality and 2MP Corrections functionality are not included in this release.*

Treasury FHA-HAMP Program Functionality

With this release, servicers will be able to report on loans modified under the FHA-Home Affordable Modification Program that are eligible for Treasury incentives (Treasury FHA-HAMP).

Introduced in *Supplemental Directive 10-03: Home Affordable Modification Program – Modifications of Loans Insured by the Federal Housing Administration (FHA)*, this program, effective August 15, 2009, provides pay-for-performance incentives for borrowers and pay-for-success incentives for servicers relating to FHA-insured loans that have been modified under FHA's Home Affordable Modification Program (FHA-HAMP). Similar to the Treasury first-lien loan modification program, FHA-HAMP provides borrowers with an affordable monthly payment equal to 31 percent of their gross monthly income and requires the borrower to complete a three-month trial payment plan before the loan is permanently modified.

Registration

Servicers are required to execute a SPA and register to participate in Treasury FHA-HAMP. The Treasury FHA-HAMP registration form is located on HMPAdmin.com. Servicers must be registered with LPS to use the HAMP Reporting Tool, but no additional registration to report on loans for this program will be required.

Treasury FHA-HAMP Reporting

In conjunction with this release of the HAMP Reporting Tool, servicers will be required to report periodic Treasury FHA-HAMP loan-level data. Data should be reported:

- at the start of the trial period;
- during the trial period;
- at loan set up of the permanent / official modification; and
- monthly after the loan is permanently modified.

Servicers will be able to submit these transactions through file upload or through new user interface forms in the HAMP Reporting Tool. Treasury FHA-HAMP-related file schemas will be available on HMPAdmin.com prior to this release.

Additional data elements have been added to accommodate the reporting of Treasury FHA-HAMP modifications. The Treasury FHA-HAMP Data Dictionary, located on HMPAdmin.com, provides details of all of the required elements.

Treasury FHA-HAMP loan-level transactions will be processed through a suite of business edits similar to those transactions relating to HAMP. Edit warnings and failures will generate an XML response file that servicers can view and download from the Reports tab of the HAMP Reporting Tool. Servicers will need to view both the LPS response file and the Fannie Mae response file to ensure all warnings and errors have been corrected.

Compensation

Two types of compensation are offered under the Treasury FHA-HAMP:

- Servicer Pay-for-Success Compensation
- Borrower Pay-for-Performance Compensation

An updated Consolidated Compensation Matrix, detailing the calculations for these compensation types, will be posted on HMPAdmin.com prior to the release. Program incentives will be distributed through the existing ACH process. With this release, loan-level details of the incentive payments will be included in a new report, the Treasury FHA-HAMP Cash Payment Summary Report, in the HAMP Reporting Tool.

Bankruptcy Plan in Lieu of Trial Functionality

As stated in *Supplemental Directive 10-02: Borrower Outreach and Communication*, borrowers in an active Chapter 13 bankruptcy who are determined eligible for HAMP may be converted to a permanent modification without completing a Trial Period Plan (TPP) under specific eligibility and criteria. With this release, as detailed in the release preview published on May 25, 2010, a New Trial Plan Type Code will be implemented to facilitate the reporting of a bankruptcy plan in lieu of a HAMP trial period.

Read the August 3 HAMP Loan Reporting Release Preview for more information about this enhancement.

Expanded Cap Allocation Monitoring Functionality

Functionality was introduced in the June 28, 2010 release to ensure that a Trial Period Loan Setup for first lien mortgages would be rejected when submitted by an active servicer that reached its Program Participation Cap allocation. This functionality will be expanded in this release to include Treasury FHA-HAMP trial setups as well as 2MP official setup, extinguishment, and partial extinguishment transactions.

Support

For more information or questions regarding the information in these release notes, please contact the HAMP Solution Center at 1-866-939-4469. To reach LPS, select option 1, and then select option 5. Or, contact your HAMP Servicer Integration Team Lead.

Related Links

[HAMP Loan Reporting Preview \(dated May 25, 2010\)](#)

[Second Lien Modification Program page](#) (includes related Supplemental Directive, data dictionary, and SPA)

[Treasury-FHA HAMP page](#) (includes related Supplemental Directive, data dictionary, and SPA)

[Supplemental Directive 10-02, Borrower Outreach and Communication](#)

[HAMP and HAMP Supplemental Directive 09-06 Data Dictionaries](#)

[HAFA Data Dictionary](#)

[HAMP Servicer Registration Data Dictionary](#)