

Supplemental Directive 10-06

June 29, 2010

Home Affordable Modification Program – Guidance on Annual Servicer Certification Required by the Servicer Participation Agreement

Background

In Supplemental Directive 09-01, the Treasury Department (Treasury) announced the eligibility, underwriting and servicing requirements for the Home Affordable Modification Program (HAMP). Under HAMP, servicers apply a uniform loan modification process to provide eligible borrowers with sustainable monthly payments for their first lien mortgage loans. In order for a servicer to participate in HAMP with respect to mortgage loans not owned or guaranteed by Fannie Mae or Freddie Mac (Non-GSE Mortgages), the servicer must execute a Commitment to Purchase Financial Instrument and Servicer Participation Agreement (SPA) with Fannie Mae in its capacity as financial agent for the United States (as designated by Treasury). A servicer's representations and warranties, and acknowledgement of and agreement to fulfill or satisfy certain duties and obligations, with respect to their participation in HAMP and related programs established by Treasury (Programs), are set forth in the SPA.

In addition, the SPA currently requires a servicer to submit an annual certification (Original Certification) as to its continuing compliance with, and the truth and accuracy of, the representations and warranties set forth in the SPA beginning on June 1, 2010 and again on June 1 of each year thereafter during the term of the SPA. The form of Original Certification is attached as an exhibit to the SPA.

This Supplemental Directive provides additional guidance regarding the certification requirements for servicers participating in the Programs for Non-GSE Mortgages. This Supplemental Directive also amends and restates the current form of Original Certification and the related delivery requirements and requires servicers to sign and deliver the initial and subsequent certifications to Freddie Mac, as Treasury's compliance agent (MHA-C) for HAMP, within 90 calendar days of the effective date of the applicable certification. The form of the Original Certification is amended and restated as an initial certification, attached to this Supplemental Directive as Exhibit A, and a subsequent certification, attached to this Supplemental Directive as Exhibit B.

This Supplemental Directive is effective immediately and covers the following topics:

- Initial Certification
- Subsequent Certifications
- Subsequent Events
- Scope of the Certification
- Reporting Noncompliance

- Cover Letter
- Termination of Obligation to Provide Certifications

Initial Certification

Each servicer will be required to provide an initial certification (Initial Certification) after executing a SPA, which Initial Certification will cover the relevant Programs as of a fixed effective date. The due date for the Initial Certification (the Initial Certification Due Date) will be dependent upon the date on which the servicer executes the SPA for a respective Program, and the date upon which a Program becomes effective. The Initial Certification shall be delivered to MHA-C.

The table below sets forth the method to determine the Initial Certification Due Date. Each servicer should determine its related Initial Certification Due Date by the date on which it entered into its SPA under “SPA Execution Date.” For the Initial Certification only, each servicer will certify that it was in compliance with, and the truth and accuracy of the representations and warranties related to Program guidance, as of the specific date as set forth in the table under “Initial Certification Effective Date.” Other than as described below under “Second Lien Modification Program,” Programs that became effective two or more months prior to the Initial Certification Effective Date will be included in the Initial Certification. Some Programs, such as Treasury FHA-HAMP, require a participating servicer to execute an Amended and Restated SPA or an additional Service Schedule, as applicable, in order to participate in the Program; in those cases, if the Amended and Restated SPA or Service Schedule was signed two or more months prior to the Initial Certification Effective Date applicable to that servicer, then that Program must also be included in the Initial Certification.

SPA Execution Date:	Initial Certification Effective Date:	Programs to be Covered (Programs included if effective for 2 months or more before the Initial Certification Effective Date):	Initial Certification Due Date:
On or before October 31, 2009	As of June 30, 2010	<ul style="list-style-type: none"> • HAMP • HAFA • Treasury FHA-HAMP* 	September 30, 2010
November 1, 2009 through June 30, 2010	As of December 31, 2010	<ul style="list-style-type: none"> • HAMP • HAFA • Treasury FHA-HAMP* • Second Lien Modification Program (2MP)* • Home Affordable Unemployment Program (UP) 	March 31, 2011
July 1, 2010 through October 3, 2010	As of June 30, 2011	<ul style="list-style-type: none"> • HAMP • HAFA • Treasury FHA-HAMP* • Second Lien Modification Program (2MP)* • Home Affordable Unemployment Program (UP) • Principal Reduction Alternative (PRA) • Any other HAMP-related Programs implemented by Treasury prior to March 31, 2011 	September 30, 2011

*Amended and Restated SPA or Service Schedule, as applicable, required.

Example 1: If a servicer signed a SPA to participate in HAMP in April 2009, the servicer would be required to deliver an Initial Certification on September 30, 2010, stating that it was in compliance with, and the truth and accuracy of, the representations and warranties related to HAMP and HAFA guidance as of June 30, 2010.

Example 2: If a servicer signed a SPA to participate in HAMP in December 2009 and signed a Service Schedule to participate in Treasury FHA-HAMP in May 2010, the servicer would be required to deliver an Initial Certification on March 31, 2011, stating that it was in compliance with, and the truth and accuracy of, the representations and warranties related to HAMP, HAFA, UP and Treasury FHA-HAMP guidance as of December 31, 2010.

Example 3: If a servicer signed a SPA to participate in HAMP in April 2009 and signed an Amended and Restated SPA to participate in Treasury FHA-HAMP in May 2010, the servicer would be required to deliver an Initial Certification on September 30, 2010, stating that it was in compliance with, and the truth and accuracy of, the representations and warranties related to HAMP and HAFA (but not Treasury FHA-HAMP) guidance as of June 30, 2010.

Second Lien Modification Program. With respect to 2MP, servicers who executed their SPA on or before October 31, 2009, regardless of when they executed their Amended and Restated SPA or Service Schedule, as applicable, to participate in 2MP, are not required to certify to their compliance with the 2MP guidelines in their Initial Certifications. Servicers who (i) executed their SPA (A) between November 1, 2009 through June 30, 2010 or (B) between July 1, 2010 through October 3, 2010 and (ii) elected to participate in 2MP two or more months before their Initial Certification Effective Date (*i.e.* as of December 31, 2010 or June 30, 2011, as applicable), must certify to their compliance with the 2MP guidelines in their Initial Certifications.

Subsequent Certifications

After providing an Initial Certification, each servicer is required to certify (Subsequent Certification) on an annual basis as to their compliance pursuant to activities performed and obligations satisfied during the period from the effective date of the most recent prior Certification through and including the Subsequent Certification Effective Date. The Subsequent Certification shall be delivered to MHA-C. (Initial Certifications and Subsequent Certifications are referred to herein as “Certification(s).”)

Servicers are generally subject to a number of financial reporting and/or regulatory requirements, often based on the organization’s fiscal year performance and due at, or shortly after, fiscal year end. As many of the procedures and related controls required for Certifications will be similar to those performed to satisfy other such requirements, a servicer may elect to time its Subsequent Certifications to the servicer’s fiscal year end. This election will allow a servicer to incorporate Subsequent Certifications into its normal reporting cycle. This option is not available for the Initial Certification.

This election, if made, will be a one-time election which will apply to all Subsequent Certifications and must be reported to MHA-C with the Initial Certification. However, this election may not extend the effective period of the first Subsequent Certification more than 15 months following the Initial Certification, and, depending on the timing of the servicer’s fiscal year end, may require the first Subsequent Certification in less than 12 months.

By way of an example, and in order to provide additional clarity for servicers deciding whether to submit Subsequent Certifications as of their fiscal year end, the following table is provided as a guide for determining the first Subsequent Certification Effective Date:

Initial Certification Effective Date:	First Subsequent Certification Effective Date if Fiscal Year End is:			
	September	December	March	June
June 30, 2010	September 30, 2011	December 31, 2010	March 31, 2011	June 30, 2011
December 31, 2010	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2011
June 30, 2011	September 30, 2012	December 31, 2011	March 31, 2012	June 30, 2012

The due date for a servicer to deliver a Subsequent Certification (the Subsequent Certification Due Date) to MHA-C is not later than 90 calendar days after the Subsequent Certification Effective Date. If a servicer does not elect to time its Subsequent Certifications to its fiscal year end reporting cycle, or does not specify in the Initial Certification what the Subsequent Certification Due Date shall be, then (1) the servicer's Subsequent Certification Effective Date shall be the anniversary of the Initial Certification Effective Date and (2) the Subsequent Certification Due Date shall be not later than 90 calendar days after such Subsequent Certification Effective Date.

For any future programs announced by Treasury, the related Supplemental Directive will provide guidance as to the relevant certification effective dates and due dates for the Certifications relating to such programs.

Subsequent Events

Servicer activities in the period between the effective date of a Certification and the due date of the Certification will be subject to reporting in the next Subsequent Certification. However, if a servicer becomes aware of any information or events during the period allowed for delivery that would cause them to be unable to certify to the truth and accuracy of the representations and warranties included in the applicable Certification (either the Initial Certification or a Subsequent Certification), the servicer should notify MHA-C promptly and amend its Certification to include that information.

Scope of the Certification

Scope of the Internal Controls Program. Servicers are expected to establish and maintain internal controls that provide reasonable assurance that they are in compliance with Program requirements. Further, servicers are required to certify that they have developed and implemented an internal controls program to monitor and detect loan modification fraud and to monitor compliance with applicable consumer protection and fair lending laws, among other things, as described in the SPA.

HAMP reflects usual and customary industry standards for mortgage loan modifications contained in typical servicing agreements, including pooling and servicing agreements governing

private label securitizations. While most servicers already have internal quality control programs in satisfaction of regulatory and investor requirements, servicers must develop, implement, maintain, and review internal controls that address the key activities identified in Exhibit C Examples of Control Objectives, attached hereto that may be unique to the Program(s).

Internal Controls Documentation. Servicers are required to maintain documentation of the internal control objectives for Program activities, the associated control techniques, and mechanisms for testing and validating the controls. Control objectives for each of the key program activities may include, but are not limited to, those included in Exhibit C of this Supplemental Directive.

Quarterly Reviews. Servicers are expected to enforce and review the effectiveness of the internal controls program on a quarterly basis throughout the period covered by the related Certification. Servicers are also required to develop and execute a quality assurance program to assess documented evidence of loan evaluation, loan modification and accounting processes and to confirm adherence to Program requirements. The quality assurance program should be included in the quarterly review of internal control processes, and should be assessed to ensure that it: (i) includes loans from all potentially relevant categories (*e.g.* past-due, HAMP modifications, HAMP denials, etc); (ii) is independent from the business lines; (iii) applies appropriate sampling methodology; (iv) reaches appropriate conclusions; (v) distributes reports to appropriate members of management; and (vi) performs appropriate trending reporting and follow-up activities in order to improve servicer performance (if necessary).

Servicers should consider the results of the quarterly reviews as part of the procedures performed to support the annual Certification process. Servicers should consider whether any unresolved internal controls findings, either individually or in aggregate, have a material effect on their ability to certify as to their ongoing compliance, and if so, should report any such unresolved findings as described below under “Reporting Noncompliance.”

Reporting Noncompliance

As required under the SPA, in the event that a servicer cannot certify as to its continuing compliance with, or the truth and accuracy of, one or more of the representations and warranties included in any Certification, that servicer should notify MHA-C immediately. In addition, in this instance, that servicer should modify the related cover letter to the Certification as described below. Each servicer is required to report instances of noncompliance that it believes have a material effect on its ability to comply with Program requirements and describe those instances as well as the factors it considered in determining materiality and evaluating noncompliance in a cover letter to the Certification (see “Cover Letter” below). This evaluation of materiality may or may not be quantifiable in monetary terms and should include, but is not limited to, consideration of the nature and frequency of noncompliance as well as qualitative considerations, including the impact on Program goals and objectives.

When material instances of noncompliance are identified, the servicer’s cover letter to the Certification should include a description of and the reason for noncompliance. Examples may include, but are not limited to, the following:

- i. any representations and warranties, or covenants that cease to be true and correct;

- ii. any deficiencies in the design or operating effectiveness of the internal controls over Program activities, including the servicer's quality assurance program; or
- iii. any overdue, un-remediated findings resulting from compliance assessments performed by MHA-C.

Servicers must maintain evidence of the control testing activities conducted in order to assess compliance and submit the annual certification. Servicers must also retain documentation of their analysis of the materiality of all instances of noncompliance or where controls are found to be ineffective. This documentation will be subject to review by MHA-C as part of its routine compliance activities.

Cover Letter

Servicers should attach a separate cover letter to the Certification delivered to MHA-C. This cover letter should include, but is not limited to, the following:

- Description of any instances of noncompliance that the servicer believes have a material effect on its ability to comply with Program requirements as described in the "Reporting Noncompliance" section above.
- Details of the action plan to remediate any such material noncompliance and the timeframe within which remediation will be complete.
- With respect to the cover letter accompanying the Initial Certification, the servicer's election, if made, to make Subsequent Certifications effective as of the servicer's fiscal year end.

Termination of Obligation to Provide Certifications

A servicer's obligation to provide a Certification to MHA-C will continue so long as its SPA has not been terminated. If a servicer's SPA is terminated before its Initial Certification Effective Date (as defined in this Supplemental Directive), then (a) it must deliver an Initial Certification to MHA-C not later than 90 calendar days after its Initial Certification Effective Date, which shall in this case be defined as the termination date of the SPA and (b) it is no longer required to provide any Subsequent Certifications. If a servicer's SPA is terminated prior to any Subsequent Certification Effective Date (as defined in this Supplemental Directive), then it must provide a final Subsequent Certification to MHA-C not later than 90 calendar days after its Subsequent Certification Effective Date, which shall in this case be defined as the termination date of the SPA.

EXHIBIT A FORM OF INITIAL CERTIFICATION

CERTIFICATION

This certification (“Certification”) is delivered as provided in Section 1.C. of the [Amended and Restated] Commitment to Purchase Financial Instrument and Servicer Participation Agreement (the “Commitment”), effective as of [DATE], by and between Federal National Mortgage Association, a federally chartered corporation, acting as financial agent of the United States (“Fannie Mae”), and the undersigned party (“Servicer”). All terms used, but not defined herein, shall have the meanings ascribed to them in the Commitment.

Servicer hereby certifies, based on its knowledge, as of [INSERT DATE ON WHICH INITIAL CERTIFICATION IS EFFECTIVE (SEE SUPPLEMENTAL DIRECTIVE FOR APPLICABLE INITIAL CERTIFICATION EFFECTIVE DATE)] (the “Initial Certification Effective Date”), that:

1. Servicer is established under the laws of the United States or any state, territory, or possession of the United States or the District of Columbia, and has significant operations in the United States. Servicer had full corporate power and authority to enter into, execute, and deliver the Agreement and to perform its obligations hereunder and has all licenses necessary to carry on its business as now being conducted and as contemplated by the Agreement.

2. In connection with the Programs, Servicer is in material compliance with, and certifies that all Services have been materially performed in compliance with, all applicable Federal, state and local laws, regulations, regulatory guidance, statutes, ordinances, codes and requirements, including, but not limited to, the Truth in Lending Act, 15 USC 1601 § et seq., the Home Ownership and Equity Protection Act, 15 USC § 1639, the Federal Trade Commission Act, 15 USC § 41 et seq., the Equal Credit Opportunity Act, 15 USC § 701 et seq., the Fair Credit Reporting Act, 15 USC § 1681 et seq., the Fair Housing Act and other Federal and state laws designed to prevent unfair, discriminatory or predatory lending practices and all applicable laws governing tenant rights, bankruptcy, mediation and foreclosure. Subject to the following sentence, Servicer has obtained all governmental approvals or made all registrations required under applicable law to authorize the performance of its obligations under the Programs in which Servicer is participating and the Agreement. The performance of Services under the Agreement has not conflicted with, or been prohibited in any way by, any other agreement or statutory restrictions by which Servicer is bound, except to the extent of any restrictions arising out of contractual limitations under applicable pooling and servicing agreements and other servicing or related contracts to which Servicer is subject. Servicer is not aware of any other legal or financial impediments to performing its obligations under the Programs or the Agreement and has promptly notified Fannie Mae of any financial and/or operational impediments which may have impaired its ability to perform its obligations under the Programs or the Agreement. Servicer is not delinquent on any Federal tax obligation or any other debt owed to the United States or collected by the United States for the benefit of others, excluding any debts or obligations that are being contested in good faith.

3. Servicer has materially complied with the following: (i) performed its obligations in accordance with the Agreement and in accordance with accepted servicing practices, and has promptly provided such performance reporting on the Programs as Fannie Mae and Federal Home Loan Mortgage Corporation, a federally chartered corporation, acting as compliance agent

of the United States (“Freddie Mac”), have reasonably required; (ii) all Services relating to benefits under the Programs available to eligible borrowers have been offered by Servicer to such borrowers, fully documented and administered by Servicer in accordance with the applicable Program Documentation then in effect; and (iii) all data, collection information and other information reported by Servicer to Fannie Mae and Freddie Mac under the Agreement, including, but not limited to, information that was relied upon by Fannie Mae and Freddie Mac in calculating the Purchase Price and in performing any compliance review, was true, complete and accurate in all material respects, and consistent with all relevant business records of the Servicer, as and when provided or, if such information was provided from third parties, including borrowers or prior servicers, Servicer has no knowledge that such information is incorrect or incomplete at the time it was provided to Fannie Mae or Freddie Mac. Notwithstanding the above, Servicer may have inadvertently violated any of the above, but has taken or will take all necessary actions to rectify any such violation or lack of compliance.

4. Servicer has materially complied with the following: (i) performed the Services required under the Program Documentation and the Agreement in accordance with the practices, professional standards of care, and degree of attention used in a well-managed operation, and no less than that which the Servicer exercises for itself under similar circumstances; and (ii) used qualified individuals with suitable training, education, experience and skills to perform the Services. Servicer acknowledges that participation in the Programs required changes to, or the augmentation of, its systems, staffing and procedures. Servicer took all reasonable actions necessary to ensure that it had the capacity to implement the Programs in which it is participating in accordance with the Agreement.

5. Servicer acknowledges that the provision of false or misleading information to Fannie Mae or Freddie Mac in connection with the Programs or pursuant to the Agreement may constitute a violation of: (a) Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or (b) the civil False Claims Act (31 U.S.C. §§ 3729-3733). Servicer has disclosed to Fannie Mae and Freddie Mac any credible evidence known to Servicer, in connection with the Services, that a management official, employee, or contractor of Servicer has committed, or may have committed, a violation of the referenced statutes.

6. Servicer acknowledges that Fannie Mae and Freddie Mac may be required to assist the Treasury with responses under the Privacy Act of 1974 (the “Privacy Act”), 5 USC § 552a; inquiries from borrowers and Freedom of Information Act, 5 USC § 552; inquiries from other parties; as well as formal inquiries from Congressional committees and members, the Government Accounting Office, Inspectors General and other government entities, as well as media and consumer advocacy group inquiries about the Programs and their effectiveness. Servicer has responded promptly and accurately to all reasonable requests for assistance made by Fannie Mae and Freddie Mac, complied with any related procedures which Fannie Mae and Freddie Mac have established relating to such requests, and provided related training, or instituted policies and procedures to its employees and contractors to ensure prompt cooperation with such requests. In connection with Privacy Act inquiries, Servicer has provided updated and corrected information as appropriate about borrowers’ records to Fannie Mae on behalf of the Treasury.

7. Servicer acknowledges that Fannie Mae is required to develop and implement customer service call centers to respond to borrowers’ and other parties’ inquiries regarding the Programs in which Servicer participates, which may require additional support from Servicer. Servicer has

provided such additional customer service call support in a timely manner as Fannie Mae has reasonably requested to support such Programs.

8. Servicer acknowledges that Fannie Mae and/or Freddie Mac are required to develop and implement practices to monitor and detect loan modification fraud and to monitor compliance with applicable consumer protection and fair lending laws. Servicer has fully and promptly cooperated with Fannie Mae's inquiries about loan modification fraud and legal compliance and has complied with any anti-fraud and legal compliance procedures which Fannie Mae and/or Freddie Mac have required.

9. Solely if Servicer has elected to participate in the Second Lien Modification Program by executing and delivering to Fannie Mae a Service Schedule relating thereto, Servicer acknowledges that each mortgage loan it modified under the Second Lien Modification Program was, at the time of modification, second in priority relative to the first lien that was modified under the Programs.

10. During the period from [INSERT INITIAL CERTIFICATION EFFECTIVE DATE] to the date hereof, nothing came to our attention that caused us to believe that Servicer cannot comply with any of the certifications made herein, or that any of the certifications made herein cease to be true and correct.

Servicer hereby certifies, as of the Initial Certification Effective Date, that:

1. Servicer has disclosed to Fannie Mae and Freddie Mac (a) any Event of Default or any Act of Bad Faith of which it has become aware and (b) any other facts or information known to Servicer that Treasury, Fannie Mae or Freddie Mac should reasonably expect to know about Servicer and its contractors in managing and monitoring the Programs.
2. Servicer has developed and implemented an internal control program reasonably designed to monitor and detect loan modification fraud and to monitor compliance with applicable consumer protection and fair lending laws, among other things, as provided in Section 4 of the Financial Instrument.
3. Servicer has conducted sufficient tests of specific controls to obtain evidence and provide reasonable assurance that controls were operating effectively (*i.e.*, were meeting the related control objectives for each of the Program activities) during the period covered by this Certification.
4. Servicer has disclosed any instances of noncompliance that have a material effect on its ability to comply with Program requirements in accordance with Supplemental Directive 10-06.

Servicer acknowledges that this Certification, taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading as of the Initial Certification Effective Date.

In the event that any of the certifications made herein are later discovered not to be true and correct in all material respects, Servicer agrees to notify Fannie Mae and Freddie Mac promptly.

Servicer elects that any Subsequent Certifications shall have an effective date of [check one]:

- its fiscal year end [_____] [Insert Month and Date of fiscal year end]; or
- the anniversary of its Initial Certification Effective Date.

[INSERT FULL LEGAL NAME OF SERVICER]:

[Name of Authorized Official]
[Title of Authorized Official]

Date

EXHIBIT B FORM OF SUBSEQUENT CERTIFICATION

CERTIFICATION

This certification (“Certification”) is delivered as provided in Section 1.C. of the [Amended and Restated] Commitment to Purchase Financial Instrument and Servicer Participation Agreement (the “Commitment”), effective as of [DATE], by and between Federal National Mortgage Association, a federally chartered corporation, acting as financial agent of the United States (“Fannie Mae”), and the undersigned party (“Servicer”). All terms used, but not defined herein, shall have the meanings ascribed to them in the Commitment.

Servicer hereby certifies, based on its knowledge, (1) as of [INSERT DATE ON WHICH SUBSEQUENT CERTIFICATION IS EFFECTIVE (SEE SUPPLEMENTAL DIRECTIVE FOR APPLICABLE INITIAL CERTIFICATION EFFECTIVE DATE)] (the “Subsequent Certification Effective Date”) and (2) during the period from the effective date of the most recent prior Certification relating to the Programs through and including the Subsequent Certification Effective Date, that:

1. Servicer is established under the laws of the United States or any state, territory, or possession of the United States or the District of Columbia, and has significant operations in the United States. Servicer had full corporate power and authority to enter into, execute, and deliver the Agreement and to perform its obligations hereunder and has all licenses necessary to carry on its business as now being conducted and as contemplated by the Agreement.
2. In connection with the Programs, Servicer is in material compliance with, and certifies that all Services have been materially performed in compliance with, all applicable Federal, state and local laws, regulations, regulatory guidance, statutes, ordinances, codes and requirements, including, but not limited to, the Truth in Lending Act, 15 USC 1601 § et seq., the Home Ownership and Equity Protection Act, 15 USC § 1639, the Federal Trade Commission Act, 15 USC § 41 et seq., the Equal Credit Opportunity Act, 15 USC § 701 et seq., the Fair Credit Reporting Act, 15 USC § 1681 et seq., the Fair Housing Act and other Federal and state laws designed to prevent unfair, discriminatory or predatory lending practices and all applicable laws governing tenant rights, bankruptcy, mediation and foreclosure. Subject to the following sentence, Servicer has obtained all governmental approvals or made all registrations required under applicable law to authorize the performance of its obligations under the Programs in which Servicer is participating and the Agreement. The performance of Services under the Agreement has not conflicted with, or been prohibited in any way by, any other agreement or statutory restrictions by which Servicer is bound, except to the extent of any restrictions arising out of contractual limitations under applicable pooling and servicing agreements and other servicing or related contracts to which Servicer is subject. Servicer is not aware of any other legal or financial impediments to performing its obligations under the Programs or the Agreement and has promptly notified Fannie Mae of any financial and/or operational impediments which may have impaired its ability to perform its obligations under the Programs or the Agreement. Servicer is not delinquent on any Federal tax obligation or any other debt owed to the United States or collected by the United States for the benefit of others, excluding any debts or obligations that are being contested in good faith.
3. Servicer has materially complied with the following: (i) performed its obligations in accordance with the Agreement and in accordance with accepted servicing practices, and has promptly provided such performance reporting on the Programs as Fannie Mae and Federal

Home Loan Mortgage Corporation, a federally chartered corporation, acting as compliance agent of the United States (“Freddie Mac”) have reasonably required; (ii) all Services relating to benefits under the Programs available to eligible borrowers have been offered by Servicer to such borrowers, fully documented and administered by Servicer in accordance with the applicable Program Documentation then in effect; and (iii) all data, collection information and other information reported by Servicer to Fannie Mae and Freddie Mac under the Agreement, including, but not limited to, information that was relied upon by Fannie Mae and Freddie Mac in calculating the Purchase Price and in performing any compliance review, was true, complete and accurate in all material respects, and consistent with all relevant business records of the Servicer, as and when provided or, if such information was provided from third parties, including borrowers or prior servicers, Servicer has no knowledge that such information is incorrect or incomplete at the time it was provided to Fannie Mae or Freddie Mac. Notwithstanding the above, Servicer may have inadvertently violated any of the above, but has taken or will take all necessary actions to rectify any such violation or lack of compliance.

4. Servicer has materially complied with the following: (i) performed the Services required under the Program Documentation and the Agreement in accordance with the practices, professional standards of care, and degree of attention used in a well-managed operation, and no less than that which the Servicer exercises for itself under similar circumstances; and (ii) used qualified individuals with suitable training, education, experience and skills to perform the Services. Servicer acknowledges that participation in the Programs required changes to, or the augmentation of, its systems, staffing and procedures. Servicer took all reasonable actions necessary to ensure that it had the capacity to implement the Programs in which it is participating in accordance with the Agreement.

5. Servicer acknowledges that the provision of false or misleading information to Fannie Mae or Freddie Mac in connection with the Programs or pursuant to the Agreement may constitute a violation of: (a) Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or (b) the civil False Claims Act (31 U.S.C. §§ 3729-3733). Servicer has disclosed to Fannie Mae and Freddie Mac any credible evidence known to Servicer, in connection with the Services, that a management official, employee, or contractor of Servicer has committed, or may have committed, a violation of the referenced statutes.

6. Servicer acknowledges that Fannie Mae and Freddie Mac may be required to assist the Treasury with responses under the Privacy Act of 1974 (the “Privacy Act”), 5 USC § 552a; inquiries from borrowers and Freedom of Information Act, 5 USC § 552; inquiries from other parties; as well as formal inquiries from Congressional committees and members, the Government Accounting Office, Inspectors General and other government entities, as well as media and consumer advocacy group inquiries about the Programs and their effectiveness. Servicer has responded promptly and accurately to all reasonable requests for assistance made by Fannie Mae and Freddie Mac, complied with any related procedures which Fannie Mae and Freddie Mac have established relating to such requests, and provided related training, or instituted policies and procedures to its employees and contractors to ensure prompt cooperation with such requests. In connection with Privacy Act inquiries, Servicer has provided updated and corrected information as appropriate about borrowers’ records to Fannie Mae on behalf of the Treasury.

7. Servicer acknowledges that Fannie Mae is required to develop and implement customer service call centers to respond to borrowers’ and other parties’ inquiries regarding the Programs in which Servicer participates, which may require additional support from Servicer. Servicer has

provided such additional customer service call support in a timely manner as Fannie Mae has reasonably requested to support such Programs.

8. Servicer acknowledges that Fannie Mae and/or Freddie Mac are required to develop and implement practices to monitor and detect loan modification fraud and to monitor compliance with applicable consumer protection and fair lending laws. Servicer has fully and promptly cooperated with Fannie Mae's inquiries about loan modification fraud and legal compliance and has complied with any anti-fraud and legal compliance procedures which Fannie Mae and/or Freddie Mac have required.

9. Solely if Servicer has elected to participate in the Second Lien Modification Program by executing and delivering to Fannie Mae a Service Schedule relating thereto, Servicer acknowledges that each mortgage loan it modified under the Second Lien Modification Program was, at the time of modification, second in priority relative to the first lien that was modified under the Programs.

10. During the period from [INSERT SUBSEQUENT CERTIFICATION EFFECTIVE DATE] to the date hereof, nothing came to our attention that caused us to believe that Servicer cannot comply with any of the certifications made herein, or that any of the certifications made herein cease to be true and correct.

Servicer hereby certifies that (1) as of the Subsequent Certification Effective Date and (2) during the period from the effective date of the most recent prior Certification relating to the Programs through and including the Subsequent Certification Effective Date:

1. Servicer has disclosed to Fannie Mae and Freddie Mac (a) any Event of Default or any Act of Bad Faith of which it has become aware and (b) any other facts or information known to Servicer that Treasury, Fannie Mae or Freddie Mac should reasonably expect to know about Servicer and its contractors in managing and monitoring the Programs.

2. Servicer has developed and implemented an internal control program reasonably designed to monitor and detect loan modification fraud and to monitor compliance with applicable consumer protection and fair lending laws, among other things, as provided in Section 4 of the Financial Instrument.

3. Servicer has conducted sufficient tests of specific controls to obtain evidence and provide reasonable assurance that controls were operating effectively (*i.e.*, were meeting the related control objectives for each of the Program activities) during the period covered by this Certification.

4. Servicer has disclosed any instances of noncompliance that have a material effect on its ability to comply with Program requirements in accordance with Supplemental Directive 10-06.

Servicer acknowledges that this Certification, taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the period of time covered by this Certification.

In the event that any of the certifications made herein are later discovered not to be true and correct in all material respects, Servicer agrees to notify Fannie Mae and Freddie Mac promptly.

[INSERT FULL LEGAL NAME OF SERVICER]:

[Name of Authorized Official]
[Title of Authorized Official]

Date

EXHIBIT C

EXAMPLES OF CONTROL OBJECTIVES

Control objectives for each of the key Program activities may include but are not limited to, the following:

I. Compliance with HAMP Underwriting Guidelines

- The underwriting process is performed in compliance with HAMP and Program guidance and is well-documented.
- Escrow accounts are properly set-up for borrowers with previously non-escrowed loans on a timely basis.

II. Solicitation of Borrowers

- Servicers solicit all potential HAMP eligible borrowers in accordance with Program guidelines.
- Borrowers claiming a hardship who are current or are less than 60 days delinquent and who contact the servicer about a HAMP modification are screened for eligibility.

III. Investor and Third Party Analysis and Outreach

- Servicers have a documented process for identifying and contacting third parties (*e.g.*, investors, trustees, or master servicers, as appropriate, and private mortgage insurance (PMI) companies) from whom authorization is required to offer HAMP modifications.
- Servicers obtain proper authorization from third parties to offer HAMP.
- Servicers obtain proper authorization from borrowers to work with third party representatives (*e.g.* housing counselors, attorneys, accountants, etc.) who assist the borrowers in the HAMP process.
- Servicers have a documented process to ensure that borrower-contact staff has accurate information about investor participation.

IV. Evaluation of Borrower and Property Eligibility

- Borrowers are adequately screened for HAMP eligibility in accordance with HAMP guidance and sufficient documentation exists to substantiate the servicer's determination of HAMP eligibility.
- Trial modifications are properly established for eligible borrowers in a timely fashion.
- Servicers are in compliance with applicable current agency, state and federal requirements related to HAMP.

V. Appropriately Forestalling Foreclosure Initiations/Sales and Offering Alternative Foreclosure Prevention Programs

- Servicers suspend foreclosure for HAMP eligible borrowers in a timely fashion until HAMP evaluation is completed.
- Sufficient documentation exists to demonstrate that borrowers who are not eligible for HAMP are appropriately notified and offered appropriate foreclosure alternatives.

VI. Execution of Waterfall and Net Present Value (NPV) Processes

- Servicers execute the waterfall in accordance with HAMP guidelines and investor restrictions.
- Servicers use appropriate sources of data in executing the waterfall and NPV tests.
- Servicers execute NPV tests in accordance with HAMP guidelines.
- Servicers that have recoded the NPV model into their own systems have appropriate controls in place to manage the model, model versions and historical data tables effectively.

VII. Documentation Management during the Trial Period and Final Loan Modification

- Servicers' HAMP documents are current and in compliance with HAMP guidance.
- Controls are sufficient to ensure the completeness and accuracy of trial period and modification documentation sent to borrowers.
- Servicer has appropriate controls in place to mitigate fraud risk.
- Servicers follow up with borrowers on the status of outstanding documents in a timely fashion.
- Servicers' document backlogs are resolved in a timely fashion.

VIII. Borrower Payment Processing

- Routine payment processing affecting HAMP borrowers is performed timely and accurately.
- Audit deficiencies related to borrower payment processing are remediated accurately and timely.
- Cash and custodial account reconciliations unique to HAMP (*e.g.*, the servicer has established HAMP specific cash and custodial accounts) are approved and completed in a timely fashion.

IX. Borrower/Investor Incentive Payment Processing

- Incentive payments are paid only on appropriate transactions.
- Incentive payments are distributed to borrowers, investors and servicers timely and accurately.
- Distribution of incentive payments are disclosed or reported to borrowers and investors timely and accurately.

X. Reporting Requirements and Data Integrity

- The servicer reports HAMP data to Treasury system of record accurately and in a timely fashion.
- Servicer accurately reports information to credit reporting agencies in a timely fashion.
- Servicer makes corrections to inaccurate data submissions and addresses causes of errors in a timely manner.
- Information reported to Treasury system of record is supported by documentation in the servicing file.

XI. Servicers' Governance Structure and Compliance with HAMP Requirements

- Quality assurance reviews are being performed to monitor compliance with established performance standards (see next section).

- Core governance functions to service in accordance with HAMP have been established appropriate to the size and complexity of the servicer's organization and level of HAMP activities, including activities across multiple HAMP Programs.
- Servicer has a system of internal controls in place to detect, monitor and respond to fraud risks related to the Program.
- Servicers have processes in place to meet associated regulatory and legal requirements including, but not limited to, laws designed to prevent unfair, discriminatory or predatory lending practices and all applicable laws (*e.g.* the Fair Housing Act).
- The servicer responds to customer inquiries and complaints accurately and in a timely fashion.
- Change control procedures are sufficient to monitor Program Participation Cap amounts and HAMP Program changes.
- Information technology controls related to HAMP exist and are sufficient to mitigate operational risks.
- Vendor management controls exist and are adequate.
- Servicers retain HAMP documents and records, including electronic records.
- Control self-assessments of HAMP are being completed and are sufficient.
- The Certification is completed accurately and in a timely fashion.

XII. Loan File Reviews

- Sufficient documentation exists to support proper solicitation of the borrower including the initial request for required documents.
- Sufficient documentation exists in the loan file to support required documents were received.
- Sufficient documentation exists in the loan file to support the initial determination of eligibility.
- Sufficient documentation exists in the loan file to support the final Waterfall calculation.
- Sufficient documentation exists in the loan file to support the NPV tests and the NPV run used for the underwriting decision.
- Sufficient documentation exists in the loan file to support underwriting for the HAMP modification.
- Sufficient documentation exists in the loan file to evidence that borrowers in trial and permanent modifications were sent appropriate notice and documentation.
- Sufficient documentation exists in the loan file to evidence the borrower was notified of the servicer's receipt of the borrower's request for a modification and the request package, of missing documents and their due dates, and of a decline of a modification request.
- Sufficient documentation exists to support proper application of borrower payments.
- Sufficient evidence exists to support the reporting of data for the HAMP Program.