

Supplemental Directive 11-12

December 27, 2011

Making Home Affordable Program – Servicing Transfers

In February 2009, the Obama Administration introduced the Making Home Affordable (MHA) Program to stabilize the housing market and help struggling homeowners obtain relief and avoid foreclosure. In March 2009, the U.S. Department of the Treasury (Treasury) issued uniform guidance for loan modifications by participants in MHA across the mortgage industry and subsequently updated and expanded that guidance. On December 15, 2011 Treasury issued version 3.4 of the *Making Home Affordable Program Handbook for Servicers of Non-GSE Mortgages (Handbook)*, a consolidated resource for guidance related to the MHA Program for mortgage loans that are not owned or guaranteed by Fannie Mae and Freddie Mac (Non-GSE Mortgages).

This Supplemental Directive provides guidance and clarification to servicers regarding servicing transfers that affect loans under the MHA Program. This Supplemental Directive amends and supersedes the notated portions of the *Handbook*.

Servicers that are subject to the terms of a servicer participation agreement and related documents (SPA) must follow the guidance set forth in this Supplemental Directive, which is effective for all participating servicers on March 1, 2012. This guidance 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 herein, insured or guaranteed by the Department of Agriculture's Rural Housing Service or the Federal Housing Administration (FHA).

This Supplemental Directive covers the following topics:

- “Eligible Loans”
- Obligations of Transferor Servicers
- Obligations of Transferee Servicers
- Involuntary Transfers of Servicing

“Eligible Loans”

Section 1.4.1 of Chapter I of the *Handbook* provides that when a participating servicer transfers or assigns mortgage loans, or servicing rights relating to mortgage loans, that constitute “Eligible Loans” pursuant to the SPA, the transferee servicer must assume the transferor's obligations under the SPA with respect to the transferred Eligible Loans. This Supplemental Directive clarifies what are considered “Eligible Loans” in the context of the Home Affordable Modification Program (HAMP), the Second Lien Modification Program (2MP), Treasury FHA-

HAMP and RD-HAMP first lien mortgages, and the Home Affordable Foreclosure Alternatives (HAFA) Program.

HAMP Eligible Loans

Pursuant to Section 1.4.1 of Chapter I of the *Handbook*, a servicer may transfer an Eligible Loan, or servicing rights relating to an Eligible Loan, free and clear of all SPA obligations only if one of the circumstances set forth in Section 3.1.1 of Chapter II of the *Handbook* exists with respect to such loan, and any applicable response period has elapsed, unless a borrower with continued eligibility requests consideration prior to the effective date of the transfer. This Supplemental Directive revises that guidance to provide that if one of the circumstances set forth in Section 3.1.1 of Chapter II of the *Handbook* exists with respect to an Eligible Loan, and any applicable response period has elapsed, the loan will no longer be considered an Eligible Loan, unless a borrower with continued eligibility requests consideration prior to the effective date of the transfer (or such earlier date on which the population of loans to be transferred is finalized). The transferor servicer must document the basis for this determination in the mortgage file and/or servicing system.

2MP Eligible Loans

With respect to 2MP, a mortgage loan is considered an Eligible Loan for purposes of Section 8 of the SPA if, at the time of transfer or assignment (or such earlier date on which the population of loans to be transferred is finalized):

- (i) the second lien has been entered into the HAMP Reporting Tool;
- (ii) the second lien is in a 2MP trial period;
- (iii) the servicer of the second lien also services a first mortgage lien on the same property that is in a trial period or permanent HAMP modification; or
- (iv) the transferor servicer has received notice of a “match” from LPS of the second lien with a related permanent HAMP modification.

2MP Eligible Loans do not include probable lien matches where the transferor servicer has not confirmed the probable lien match with LPS. With respect to conditions (ii), (iii) and (iv) above, if subsequent to this action: (a) the transferor servicer determines that the borrower does not meet the eligibility criteria for 2MP; (b) the borrower is offered a 2MP trial period, but fails to return the certification required by Treasury under Section 1481 of the Dodd-Frank Wall Street Reform and Consumer Protection Act prior to the trial period effective date as set forth in Section 1.7 of Chapter I of the *Handbook*, or to make current trial period payments as set forth in Section 6.2 of Chapter V of the *Handbook*; or (c) the borrower fails to accept the 2MP modification offer as set forth in Section 7.1 of Chapter V of the *Handbook*, the loan will no longer be considered an Eligible Loan. Additionally, if in resolution of an Escalated Case related to 2MP, in accordance with Section 3.3 of Chapter I of the *Handbook*, the servicer determines that the loan is not eligible for 2MP, the loan will no longer be considered an Eligible Loan. The transferor servicer must document the basis for this determination in the mortgage file and/or servicing system.

Treasury FHA-HAMP and RD-HAMP Eligible Loans

With respect to the Treasury FHA-HAMP and RD-HAMP programs, a Treasury FHA-HAMP or RD-HAMP modified loan is considered an Eligible Loan when, at the time of transfer or assignment (or such earlier date on which the population of loans to be transferred is finalized), it has been entered into the HAMP Reporting Tool.

HAFAs Eligible Loans

With respect to HAFAs, a loan is considered to be an Eligible Loan when at the time of transfer or assignment (or such earlier date on which the population of loans to be transferred is finalized):

- (i) a HAFAs transaction has been entered into the HAMP Reporting Tool;
- (ii) the servicer has sent a Short Sale Agreement (SSA), Deed-in-Lieu (DIL) Agreement, or an executed Alternative Request for Short Sale Agreement (Alternative RASS) to the borrower;
- (iii) the servicer has sent a HAFAs solicitation to the borrower in accordance with Section 4 of Chapter IV of the *Handbook* and 14 days has not yet elapsed; or
- (iv) the servicer has received a request for a short sale or deed-in-lieu from the borrower whether in response to the servicer's solicitation or initiated by the borrower.

However, with respect to conditions (iii) and (iv) above, if subsequent to these actions the transferor servicer determines that the borrower does not meet the eligibility criteria for HAFAs, the loan will no longer be considered an Eligible Loan. The transferor servicer must document the basis for this determination in the mortgage file and/or servicing system.

Obligations of Transferor Servicers

Pursuant to Section 1.4.1 of the *Handbook*, a transferring servicer may not use a transfer to circumvent its existing obligations under the SPA. If a servicer transfers or assigns mortgage loans or servicing rights relating to mortgage loans to another servicer, whether voluntarily or involuntarily, the transferor servicer and the transferee servicer must cooperate with each other to cause as little disruption as possible to the borrower. It is the responsibility of the transferor servicer to ensure that all information, documentation and data regarding a transferred Eligible Loan described under Section 2.2 of Chapter I of the *Handbook* (MHA Data) is provided to the transferee servicer in a timely manner, and that such MHA Data is accurate and complete. The transferor servicer must adhere to all program guidance with respect to transferred Eligible Loans until it has completed the transfer of all MHA Data.

The transferor servicer must provide written notice to Fannie Mae, in its capacity as the Program Administrator under the MHA Program (Program Administrator) of a transfer of Eligible Loans, or servicing rights relating to Eligible Loans, in accordance with Section 8 of the SPA. For transfers relating to mergers, acquisitions or other changes of control, such notice must be provided as soon as legally possible. For all other transfers, such notice must be provided at least 30 calendar days in advance of the transfer or assignment. The transfer process guidance, including the form on which this notice is to be provided, will be available on HMPadmin.com.

In addition, the transferor servicer must provide an executed assignment and assumption agreement in the form attached as Exhibit D to the SPA (AAA), with a list of Eligible Loans attached, no later than 15 calendar days prior to the effective date of the transfer or assignment. Any revisions to the list of Eligible Loans must be provided to the Program Administrator within 5 business days after the effective date of the transfer or assignment. The transferor servicer must ensure that all data on the transferred loans reflected in the HAMP Reporting Tool, including the Official Monthly Report (OMR), is accurate, complete, and up-to-date before the loans are transferred.

Obligations of Transferee Servicers

Prior to the transfer date, the transferee servicer must confirm to the Program Administrator that upon receipt of complete MHA Data from the transferor, it will be capable of complying with program reporting requirements to the HAMP Reporting Tool, including OMR reporting, before the loans are transferred.

The transfer agreement must require delivery of MHA Data as a condition of the transfer. The transferee servicer must have an internal quality control process to review loans acquired through a transfer and must validate receipt and completeness of MHA Data within 60 days of the effective date of the transfer. A representation from the transferor servicer that it has fulfilled its responsibilities under the SPA and related MHA guidance with respect to the transferred loans is not sufficient and does not relieve the transferee of this responsibility or any SPA obligation.

If after the transfer the transferee servicer finds that the MHA Data is incomplete, it must contact the transferor servicer immediately to obtain the missing MHA Data. In the event the transferee servicer is unable to obtain MHA Data necessary or required for reporting to the HAMP Reporting Tool from the transferor servicer, the transferee servicer must not attempt to re-create data. The transferee servicer must only use MHA Data that it has been provided by the transferor servicer. If the transferee servicer is unable to obtain MHA Data from the transferor servicer, it should contact the Program Administrator.

Pursuant to Section 1.4.1 of the *Handbook*, when a servicer transfers or assigns mortgage loans or servicing rights relating to mortgage loans that constitute Eligible Loans pursuant to the SPA, the transferee servicer must assume the transferor servicer's SPA obligations with respect to the transferred Eligible Loans. This includes, without limitation, the following obligations:

- Pursuant to Section 3.1.1 of Chapter II of the *Handbook*, a transferee servicer may not refer a transferred loan to foreclosure or conduct a scheduled foreclosure sale unless and until at least one of the circumstances set forth in that section exists.
- Pursuant to Section 5 of Chapter II of the *Handbook*, in the event a borrower fails the trial period for non-payment of the trial period payment after the loan has been transferred, the transferee servicer must re-calculate the borrower's income to ensure that the trial period payment was accurately determined. If the servicer determines that the borrower's trial period payment exceeded the correct trial period payment by 10% or more, the servicer must offer the borrower a new trial period with the correct trial period payment.

- Pursuant to Section 9.4 of Chapter II of the *Handbook*, in the event a borrower defaults on a transferred modified loan, the transferee servicer should work with the borrower to cure the default. In the event of a loss of good standing, the servicer should evaluate the borrower for any other loss mitigation alternative prior to commencing foreclosure proceedings.

Involuntary Transfers of Servicing

For the purpose of this guidance, servicing transfers are considered to be involuntary when an investor with whom the servicer is not affiliated, or a court or regulator with jurisdiction, requires that servicing be transferred to another servicer.

When servicing of an Eligible Loan is transferred from a SPA servicer to a non-participating servicer (Non-SPA servicer) as a result of an involuntary transfer, the SPA servicer must notify the Program Administrator at least 30 days in advance of the transfer as described above and indicate whether or not the Non-SPA servicer will execute a AAA.

If the Non-SPA servicer does not execute a AAA, (i) the Program Administrator will require documentation supporting the involuntary nature of the transfer, and (ii) the loans involved in the transfer will not be eligible for any MHA Program after the servicing transfer; however, the investor and Non-SPA servicer will be expected to honor the terms of executed modification, SSA, ARASS and DIL agreements.

In addition, if the Non-SPA servicer does not execute a AAA, the transferor servicer must contact the investor in writing at least once, requesting that the investor permit the delay of transfer of any loan in an active trial period until such time as the loan has been converted to a permanent modification, or a Non-Approval Notice has been issued. If the investor agrees to the delay, before transferring a delayed loan to the Non-SPA servicer, the transferor servicer must report the HAMP or 2MP modification or non-approval status in the HAMP Reporting Tool after which the loan may be transferred to the Non-SPA servicer, subject to the executed modification agreement, if applicable, and free and clear of all other obligations under MHA. If the investor does not permit the delayed transfer of loans that are in active trial periods, the transferor servicer must cancel the trial in the HAMP Reporting Tool using the trial fallout reason code of “Ineligible Mortgage” and send the borrower a notice in accordance with the guidance below.

Borrower Notification

If the Non-SPA servicer does not execute a AAA, in addition to any borrower notifications relative to servicing transfers that are required under the Real Estate Settlement Procedures Act or other applicable laws, transferor servicers must, prior to the effective date of the transfer, send written notice to borrowers of all Eligible Loans explaining the impact of the transfer on their MHA program participation. This need not be a separate notice and may be included with or incorporated into another notice sent to the borrower from the transferor servicer prior to the transfer.

Impact on Incentives

If servicing of a permanently modified loan is involuntarily transferred to a Non-SPA servicer and the Non-SPA servicer does not execute a AAA, no servicer or investor incentive payments for the transferred loans are entitled to be paid after the effective date of the servicing transfer or assignment. Any accrued and unpaid servicer or investor incentive payments will be forfeited.

With respect to loans that are eligible for borrower incentives 30 days before the time of transfer or assignment (i.e., permanently modified loan and in good standing), all unpaid borrower incentives for the full modification term of the HAMP, Treasury FHA-HAMP, RD-HAMP or 2MP loan (regardless of whether those incentives have accrued to the borrower) will be paid by Treasury to the servicer of record in the HAMP Reporting Tool for the account of the borrower in a lump sum after the servicing transfer is reported to the Program Administrator. The transferor servicer must apply this lump sum payment to the account of the borrower as a curtailment in accordance with Section 9.6 of Chapter II of the *Handbook* before the loan is transferred, even though the funds will be disbursed from Treasury after the transfer. The HAFA borrower relocation incentive will not be paid by Treasury for HAFA transactions that have not been reported in the HAMP Reporting Tool as closed by the time of transfer or assignment. Updated HAMP payment processes implementing the terms described in this section are currently under development by the Program Administrator. Until such processes are in place, the current payment processes remain in effect and servicers must credit for the account of the borrower all unpaid borrower incentives as provided in this section. Servicers will be advised of how to obtain borrower incentive compensation due under this section when the updated processes become available. Subsequent guidance will be provided on HMPadmin.com.

**EXHIBIT A
MHA HANDBOOK MAPPING**

I. NEW HANDBOOK SECTIONS

A. A new Section 1.4.3 of Chapter I is inserted in its entirety as follows:

1.4.3 Obligations of Transferor Servicers

If a servicer transfers or assigns mortgage loans or servicing rights relating to mortgage loans to another servicer, whether voluntarily or involuntarily, the transferor servicer and the transferee servicer must cooperate with each other to cause as little disruption as possible to the borrower. It is the responsibility of the transferor servicer to ensure that all information, documentation and data regarding a transferred Eligible Loan described under Section 2.2 (MHA Data) is provided to the transferee servicer in a timely manner, and that such MHA Data is accurate and complete. The transferor servicer must adhere to all program guidance with respect to transferred Eligible Loans until it has completed the transfer of all MHA Data.

The transferor servicer must provide written notice to the Program Administrator of a transfer of Eligible Loans, or servicing rights relating to Eligible Loans, in accordance with Section 8 of the SPA. For transfers relating to mergers, acquisitions or other changes of control, such notice must be provided as soon as legally possible. For all other transfers, such notice must be provided at least 30 calendar days in advance of the transfer or assignment. The transfer process guidance, including the form on which this notice is to be provided, will be available on www.HMPAdmin.com. In addition, the transferor servicer must provide an executed AAA with a list of Eligible Loans attached, no later than 15 calendar days prior to the effective date of the transfer or assignment. Any revisions to the list of Eligible Loans must be provided to the Program Administrator within 5 business days after the effective date of the transfer or assignment. The transferor servicer must ensure that all data on the transferred loans reflected in the HAMP Reporting Tool, including the Official Monthly Report (OMR), is accurate, complete, and up-to-date before the loans are transferred.

B. A new Section 1.4.4 of Chapter I is inserted in its entirety as follows:

1.4.4 Obligations of Transferee Servicers

Prior to the transfer date, the transferee servicer must confirm to the Program Administrator that upon receipt of complete MHA Data from the transferor, it will be capable of complying with program reporting requirements to the HAMP Reporting Tool, including OMR reporting, before the loans are transferred.

The transfer agreement must require delivery of MHA Data as a condition of the transfer. The transferee servicer must have an internal quality control process to review loans acquired through a transfer and must validate receipt and completeness of MHA Data within 60 days of the effective date of the transfer. A representation from the transferor servicer that it has fulfilled its

responsibilities under the SPA and related MHA guidance with respect to the transferred loans is not sufficient and does not relieve the transferee of this responsibility or any SPA obligation.

If after the transfer the transferee servicer finds that the MHA Data is incomplete, it must contact the transferor servicer immediately to obtain the missing MHA Data. In the event the transferee servicer is unable to obtain MHA Data necessary or required for reporting to the HAMP Reporting Tool from the transferor servicer, the transferee servicer must not attempt to re-create data. The transferee servicer must only use MHA Data that it has been provided by the transferor servicer. If the transferee servicer is unable to obtain MHA Data from the transferor servicer, it should contact the Program Administrator.

C. A new Section 1.4.5 of Chapter I is inserted in its entirety as follows:

1.4.5 Involuntary Transfers of Servicing

Servicing transfers are considered to be involuntary when an investor with whom the servicer is not affiliated, or a court or regulator with jurisdiction, requires that servicing be transferred to another servicer.

When servicing of an Eligible Loan is transferred from a SPA servicer to a non-participating servicer (Non-SPA servicer) as a result of an involuntary transfer the SPA servicer must notify the Program Administrator at least 30 days in advance of the transfer pursuant to Section 1.4.3 and indicate whether or not the Non-SPA servicer will execute a AAA.

If the Non-SPA servicer does not execute a AAA, (i) the Program Administrator will require documentation supporting the involuntary nature of the transfer, and (ii) the loans involved in the transfer will not be eligible for any MHA Program after the servicing transfer; however, the investor and Non-SPA servicer will be expected to honor the terms of executed modification, SSA, ARASS and DIL agreements.

In addition, if the Non-SPA servicer does not execute a AAA, the transferor servicer must contact the investor in writing at least once, requesting that the investor permit the delay of transfer of any loan in an active trial period until such time as the loan has been converted to a permanent modification, or a Non-Approval Notice has been issued. If the investor agrees to the delay, before transferring a delayed loan to the Non-SPA servicer the transferor servicer must report the HAMP or 2MP modification or non-approval status in the HAMP Reporting Tool after which the loan may be transferred to the Non-SPA servicer, subject to the executed modification agreement, if applicable, and free and clear of all other obligations under MHA. If the investor does not permit the delayed transfer of loans that are in active trial periods, the transferor servicer must cancel the trial in the HAMP Reporting Tool using the trial fallout reason code of “Ineligible Mortgage” and send the borrower a notice in accordance with Section 1.4.5.1.

1.4.5.1 Borrower Notification

If the Non-SPA servicer does not execute a AAA, in addition to any borrower notifications relative to servicing transfers that are required under the Real Estate Settlement Procedures Act

(RESPA) or other applicable laws, transferor servicers must, prior to the effective date of the transfer, send written notice to borrowers of all Eligible Loans explaining the impact of the transfer on their MHA program participation. This need not be a separate notice and may be included with or incorporated into another notice sent to the borrower from the transferor servicer prior to the transfer.

1.4.5.2 Impact on Incentives

If servicing of a permanently modified loan is involuntarily transferred to a Non-SPA servicer and the Non-SPA servicer does not execute a AAA, no servicer or investor incentive payments for the transferred loans are entitled to be paid after the effective date of the servicing transfer or assignment. Any accrued and unpaid servicer or investor incentive payments will be forfeited.

With respect to loans that are eligible for borrower incentives 30 days before the time of transfer or assignment (i.e., permanently modified loan and in good standing), all unpaid borrower incentives for the full modification term of the HAMP, Treasury FHA-HAMP, RD-HAMP or 2MP loan (regardless of whether those incentives have accrued to the borrower) will be paid by Treasury to the servicer of record in the HAMP Reporting Tool for the account of the borrower in a lump sum after the servicing transfer is reported to the Program Administrator. The transferor servicer must apply this lump sum payment to the account of the borrower as a curtailment in accordance with Section 9.6 of Chapter II before the loan is transferred, even though the funds will be disbursed from Treasury after the transfer. The HAFAs borrower relocation incentive will not be paid by Treasury for HAFAs transactions that have not been reported in the HAMP Reporting Tool as closed by the time of transfer or assignment. Updated HAMP payment processes implementing the terms described in this section are currently under development by the Program Administrator. Until such processes are in place, the current payment processes remain in effect and servicers must credit for the account of the borrower all unpaid borrower incentives as provided in this section. Servicers will be advised of how to obtain borrower incentive compensation due under this section when the updated processes become available. Subsequent guidance will be provided on www.HMPadmin.com.

II. CONFORMING CHANGES TO EXISTING HANDBOOK SECTIONS

The following guidance amends and supersedes the notated portions of the *Handbook*. Changed or new text is indicated in italics. Text that has been lined out has been deleted.

A. Section 1.4.1 of Chapter I is amended as follows:

1.4.1 Transfer of Eligible Loans

When a participating servicer transfers or assigns mortgage loans, or servicing rights relating to mortgage loans, that constitute Eligible Loans pursuant to the SPA, the transferee servicer must assume the transferor's obligations under the SPA with respect to the transferred Eligible Loans. A transferring servicer may not use a transfer to circumvent its existing obligations under the SPA. If the transferee servicer has signed its own SPA, the Eligible Loans involved in the transfer become subject to the transferee servicer's SPA. If a transferee servicer has not signed

its own SPA, it will be required to execute an assignment and assumption agreement, the form of which is attached as ~~an~~ Exhibit D to the SPA (AAA).

The transferee servicer is not required to execute an assignment and assumption agreement for the transfer of loans that are not or no longer Eligible Loans. The transferor servicer must document the basis for this determination in the mortgage file and/or servicing system.

All incentive payments made after successful completion of the trial period will be made to the servicer of record, as indicated on the records of the Program Administrator for Treasury. When negotiating a servicing transfer, the transferor servicer and the transferee servicer should make arrangements as appropriate to account for incentive payments accordingly.

1.4.1.1 HAMP Eligible Loans

~~A servicer may transfer an Eligible Loan free and clear of all SPA obligations only~~ *With respect to HAMP, if one of the circumstances set forth in Section 3.1.1 of Chapter II exists with respect to an Eligible Loan such loan, and any applicable response period has elapsed, such loan will no longer be considered an Eligible Loan unless a borrower with continued eligibility requests consideration prior to the effective date of the transfer (or such earlier date on which the population of loans to be transferred is finalized). The transferee servicer is not required to execute an assignment and assumption agreement in order to transfer such loans.*

~~All incentive payments made after successful completion of the trial period will be made to the servicer of record, as indicated on the records of the Program Administrator for Treasury. When negotiating a servicing transfer, the transferor servicer and the transferee servicer should make arrangements as appropriate to account for incentive payments accordingly.~~

1.4.1.2 2MP Eligible Loans

With respect to 2MP, a mortgage loan is considered an Eligible Loan for purposes of Section 8 of the SPA if, at the time of transfer or assignment (or such earlier date on which the population of loans to be transferred is finalized):

- (i) the second lien has been entered into the HAMP Reporting Tool;*
- (ii) the second lien is in a 2MP trial period;*
- (iii) the servicer of the second lien also services a first mortgage lien on the same property that is in a trial period or permanent HAMP modification; or*
- (iv) the transferor servicer has received notice of a “match” from LPS of the second lien with a related permanent HAMP modification as set forth in Section 4.1 of Chapter V.*

2MP Eligible Loans do not include probable lien matches where the transferor servicer has not confirmed the probable lien match with LPS. With respect to conditions (ii), (iii), and (iv) above, if subsequent to this action: (a) the transferor servicer determines that the borrower does not meet the eligibility criteria for 2MP; (b) the borrower is offered a 2MP trial period, but fails to return the Dodd-Frank Certification prior to the trial period effective date as set forth in Section 1.7, or to make current trial period payments as set forth in Section 6.2 of Chapter V; or

(c) the borrower fails to accept the 2MP modification offer as set forth in Section 7.1 of Chapter V, the loan will no longer be considered an Eligible Loan. Additionally, if in resolution of an Escalated Case related to 2MP, in accordance with Section 3.3, the servicer determines that the loan is not eligible for 2MP, the loan will no longer be considered an Eligible Loan.

1.4.1.3 Treasury FHA-HAMP and RD-HAMP Eligible Loans

With respect to the Treasury FHA-HAMP and RD-HAMP programs, a Treasury FHA-HAMP or RD-HAMP modified loan is considered an Eligible Loan when, at the time of transfer or assignment (or such earlier date on which the population of loans to be transferred is finalized), it has been entered into the HAMP Reporting Tool.

1.4.1.4 HAFA Eligible Loans

With respect to the HAFA Program, a loan is considered to be an Eligible Loan when at the time of transfer or assignment (or such earlier date on which the population of loans to be transferred is finalized):

- (i) a HAFA transaction has been entered into the HAMP Reporting Tool;*
- (ii) the servicer has sent a Short Sale Agreement (SSA), Deed-in-Lieu (DIL) Agreement, or an executed Alternative Request for Short Sale Agreement (Alternative RASS) to the borrower;*
- (iii) the servicer has sent a HAFA solicitation to the borrower in accordance with Section 4 of Chapter IV and 14 days has not yet elapsed; or*
- (iv) the servicer has received a request for a short sale or deed-in-lieu from the borrower whether in response to the servicer's solicitation or initiated by the borrower.*

However, with respect to conditions (iii) and (iv) above, if subsequent to these actions the transferor servicer determines that the borrower does not meet the eligibility criteria for HAFA, the loan will no longer be considered an Eligible Loan.