

*Supplemental Directive 13-01*

*March 1, 2013*

***Making Home Affordable<sup>®</sup> Program – Making Home Affordable Outreach and Borrower Intake Project***

In February 2009, the Obama Administration introduced the Making Home Affordable (MHA) Program to stabilize the housing market and to 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<sup>®</sup> across the mortgage industry and subsequently updated and expanded that guidance. On December 13, 2012, Treasury issued version 4.1 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 Loans).

Generally, for a borrower to participate in the MHA Program, the borrower must have submitted certain documents and/or requests as set forth in the *Handbook*. In an effort to ensure that every potentially eligible borrower has the chance to be considered for foreclosure prevention assistance under MHA, Treasury is working with NeighborWorks<sup>®</sup> America (NeighborWorks) to leverage its network of local housing counseling agencies. These agencies will conduct outreach to identify borrowers who are potentially eligible for the Home Affordable Modification Program<sup>®</sup> (HAMP) and then work with these borrowers to complete and submit a HAMP<sup>®</sup> request for mortgage assistance package. This effort is referred to as the “MHA Outreach and Borrower Intake Project”.

This Supplemental Directive provides guidance to servicers of Non-GSE Loans regarding their responsibilities with respect to the MHA Outreach and Borrower Intake Project. All servicers that (i) are subject to an executed servicer participation agreement and related documents (SPA), and (ii) are subscribers to the Hope LoanPort<sup>®</sup> (HLP), an internet-based document delivery portal, as of the date of publication of this Supplemental Directive must comply with this Supplemental Directive. Any SPA servicer that subscribes to HLP after the date of publication of this Supplemental Directive will be required to adhere to the guidance contained herein beginning the date the servicer’s subscription to HLP becomes effective.

This Supplemental Directive will be effective on May 1, 2013.

This Supplemental Directive does not apply to mortgage loans that are (i) owned or guaranteed by Fannie Mae or Freddie Mac (GSEs) (the GSE Loans); or (ii) insured or guaranteed by the Department of Veterans Affairs, the Department of Agriculture’s Rural Housing Service or the Federal Housing Administration.

## **Overview of MHA Outreach and Borrower Intake Project**

In this project, the existing network of housing counseling agencies participating in the National Foreclosure Mitigation Counseling (NFMC) Program will be invited to help borrowers apply for foreclosure prevention assistance under the MHA Program. Specifically, participating housing counseling agencies will:

- Conduct outreach designed to identify borrowers that are potentially eligible for HAMP;
- Make preliminary assessments of basic borrower eligibility for HAMP;
- Assist homeowners with preparation of “Initial Packages,” as described below; and
- Deliver Initial Packages to the appropriate servicer using HLP.

Servicers will be notified by HLP each time an Initial Package has been submitted under the MHA Outreach and Borrower Intake Project, and will evaluate those packages in accordance with the guidance herein. Participating housing counseling agencies will be compensated for each complete Initial Package delivered to and accepted by the servicer via HLP, as more particularly described below, regardless of whether or not the borrower ultimately receives a HAMP modification.

Funding for the MHA Outreach and Borrower Intake Project is provided by Treasury as part of the MHA Program. Accordingly, borrowers, servicers and investors are not required to compensate participating housing counseling agencies for their services in connection with the MHA Outreach and Borrower Intake Project.

### **Completion and Submission of Initial Packages**

For Non-GSE Loans, an Initial Package is as defined in Section 4 of Chapter II of the *Handbook*, and includes the following:

- Request for Mortgage Assistance (RMA) form;
- IRS Form 4506-T or 4506-T EZ;
- Dodd-Frank Certification (either as part of the RMA form or as a stand alone document); and
- Evidence of income consistent with the income disclosed in the RMA as detailed in Section 5 of Chapter II of the *Handbook*.

Once the applicable required elements of a complete Initial Package are assembled, dated and executed by the borrower, the housing counseling agency will upload the Initial Package to HLP, for electronic delivery to the servicer. Any Initial Package submitted by a participating housing counseling agency on a borrower’s behalf pursuant to this Supplemental Directive shall, for

purposes of MHA guidance, be deemed to have been submitted by the borrower. Only servicers that subscribe to HLP will be able to receive Initial Packages generated through the MHA Outreach and Borrower Intake Project.

### *Initial Package Acceptance*

HLP will notify the servicer each time an Initial Package has been submitted in conjunction with the MHA Outreach and Borrower Intake Project, using a unique code (Borrower Intake Code). Upon receipt of a notification that an Initial Package has been submitted, servicers must perform all processes associated with document receipt, borrower communication, and evaluation within the required timeframes as set forth in the *Handbook*. In addition, within 30 calendar days from the notification that the servicer has received an Initial Package with a Borrower Intake Code, the servicer must review the submission and accept or reject the package. This time period applies to Initial Packages submitted for the first time and to re-submissions of Initial Packages the servicer has previously rejected as incomplete as part of the MHA Outreach and Borrower Intake Project. During this review period, the servicer must make the following determinations:

- It services the loan;
- Either (i) the borrower has not already submitted an Initial Package that includes the required elements, either directly to the servicer or through another counseling agency or other third party; or (ii) the borrower has already been evaluated for HAMP and, under the servicer's policy governing reconsiderations, the borrower can be re-evaluated for HAMP;
- The borrower meets the basic eligibility criteria for HAMP as defined in Section 1.1.1 of Chapter II of the *Handbook* (e.g., a mortgage loan originated on or before January 1, 2009 within the unpaid principal balance limits described in such Section secured by a first lien mortgage on a one-to four unit property that has not been condemned or is not in such poor physical condition to be uninhabitable, and the Initial Package is submitted on or before December 31, 2013);
- If a foreclosure sale date has been scheduled, the Initial Package was received no later than midnight of the seventh business day prior to the date of the foreclosure sale; and
- The Initial Package is complete, as defined by the *Handbook* and referred to above.

If **all** of these conditions are met, the servicer must “accept” the package through HLP by using a newly created code (Valid MHA Package Code). Acceptance through HLP communicates to the housing counseling agency that the servicer has received all elements of the Initial Package, although additional documentation may be required before a decision on a trial period plan is made by the servicer. Issuance of an acceptance through HLP does not constitute servicer approval for any MHA option. Servicers must still adhere to all other MHA guidance, including but not limited to acknowledging and evaluating borrower documentation for a possible MHA loss mitigation option and assigning a single point of contact, all as set forth in the *Handbook*.

### *Ineligible Package*

If, during the 30 day review period, the servicer determines that (i) it does not service the applicable loan; (ii) the borrower has already submitted an Initial Package that includes the required elements (either directly to the servicer, through another counseling agency or other third party); (iii) the borrower has already been evaluated for HAMP and, under the servicer's policy governing reconsiderations, the borrower is not eligible for re-evaluation for HAMP; or (iv) the Initial Package was received after midnight of the seventh business day prior to a scheduled foreclosure sale, the servicer must enter the appropriate rejection code into HLP. No further action is required by the servicer on that HLP submission. Borrowers or housing counseling agencies, on behalf of borrowers, who disagree with the servicer's decision may escalate through the normal MHA escalation process.

### *Ineligible Borrower*

If, during the 30 day review period, the servicer determines that the borrower does not meet the basic eligibility criteria for any MHA program as described above, the servicer must enter the appropriate rejection code into HLP, enter the appropriate Trial Not Approved/Not Accepted code into the HAMP Reporting Tool, and follow existing *Handbook* guidance regarding non-approval notifications to the borrower.

### *Incomplete Package*

If the Initial Package is not complete or any document therein has not been executed by the borrower as applicable, the servicer must, within the 30 day review period, enter the appropriate rejection code into HLP. Contemporaneously, the servicer, as appropriate, should send the borrower an "Incomplete Information Notice" as provided in Section 2.3.3 of Chapter II of the *Handbook*. If the Initial Package is resubmitted through HLP and accepted, the counseling agency that submitted the accepted Initial Package can receive compensation.

## **System Enhancements of HLP**

HLP is in the process of executing system enhancements to support the operational and reporting needs of the MHA Outreach and Borrower Intake Project. When such system enhancements are completed (which is expected to be on or about the effective date of this Supplemental Directive), HLP will provide servicers with written guidance and training on use of HLP for this project.

**EXHIBIT A**  
**MHA HANDBOOK MAPPING**

**I. NEW HANDBOOK SECTION**

**A. A new Section 4.7 of Chapter II is inserted in its entirety as follows:**

***4.7 Making Home Affordable Outreach and Borrower Intake Project***

All SPA servicers that as of March 1, 2013 subscribed to the Hope LoanPort<sup>®</sup> (HLP) internet-based document delivery portal must comply with the terms of this Section 4.7 in addition to any other applicable requirements in this Handbook.

Participating housing counseling agencies will assist borrowers in assembling and executing the required elements of an Initial Package; this intake initiative is referred to as the “MHA Outreach and Borrower Intake Project”. Once the applicable required elements of an Initial Package are assembled, the housing counseling agency will upload the Initial Package to HLP for electronic delivery to the servicer. Any Initial Package submitted by a participating housing counseling agency on a borrower’s behalf pursuant to this Section 4.7 shall, for purposes of MHA guidance, be deemed to have been submitted by the borrower.

***4.7.1 Initial Package Acceptance***

HLP will notify the servicer each time an Initial Package has been submitted in conjunction with the MHA Outreach and Borrower Intake Project, using a unique code (Borrower Intake Code). Upon receipt of a notification that an Initial Package has been submitted, the servicer must perform all processes associated with document receipt, borrower communication, and evaluation within the required timeframes set forth in this Handbook. In addition, within 30 calendar days from the notification that the servicer has received an Initial Package with a Borrower Intake Code, the servicer must review the submission and accept or reject the package. This time period applies to Initial Packages submitted for the first time and to re-submissions of Initial Packages the servicer has previously rejected as incomplete as part of the MHA Outreach and Borrower Intake Project. During this review period, the servicer must make the following determinations:

- It services the loan;
- Either (i) the borrower has not already submitted an Initial Package that includes the required elements, either directly to the servicer or through another counseling agency or other third party; or (ii) the borrower has already been evaluated for HAMP and, under the servicer’s policy governing reconsiderations, the borrower can be re-evaluated for HAMP;
- The borrower meets the basic eligibility criteria for HAMP as defined in Section 1.1.1;
- If a foreclosure sale date has been scheduled, the Initial Package was received no later than midnight of the seventh business day prior to the date of the foreclosure sale; and

- The Initial Package is complete, as defined by this Handbook.

If all of the conditions listed immediately above are met, the servicer must accept the package through HLP by using the code used to denote a valid MHA Initial Package. Acceptance through HLP communicates to the housing counseling agency that the servicer has received all elements of the Initial Package, although additional documentation may be required before a decision on a trial period plan is made by the servicer. Issuance of an acceptance through HLP does not constitute servicer approval for any MHA option. In addition to the requirements under this Section 4.7, servicers must still adhere to all other MHA guidance, including, but not limited to, acknowledging and evaluating borrower documentation for a possible MHA loss mitigation option and assigning a single point of contact.

#### ***4.7.2 Ineligible Package***

If, during the 30 day review period described in Section 4.7.1, the servicer determines that (i) it does not service the applicable loan; (ii) the borrower has already submitted an Initial Package that includes the required elements (either directly to the servicer, through another housing counseling agency or other third party); (iii) the borrower has already been evaluated for HAMP and, under the servicer's policy governing reconsiderations, the borrower is not eligible for re-evaluation for HAMP; or (iv) the Initial Package was received after midnight of the seventh business day prior to a scheduled foreclosure sale, the servicer must enter the appropriate rejection code into HLP. No further action is required by the servicer on that HLP submission. Borrowers or housing counseling agencies, on behalf of borrowers, who disagree with the decision may escalate through the escalation process described in Section 3 of Chapter I of this Handbook.

#### ***4.7.3 Ineligible Borrower***

If, during the 30 day review period described in Section 4.7.1, the servicer determines that the borrower does not meet the basic eligibility criteria for any MHA program as defined in Section 1.1.1, the servicer must enter the appropriate rejection code into HLP and the appropriate Trial Not Approved/Not Accepted code into the HAMP Reporting Tool. The servicer must also follow the guidance regarding Non-Approval Notices set forth in Section 2.3.2.

#### ***4.7.4 Incomplete Package***

If the Initial Package received by the servicer through HLP is not complete or any document therein has not been executed by the borrower as applicable, the servicer must, within the 30 day review period described in Section 4.7.1, enter the appropriate rejection code into HLP. Contemporaneously, the servicer, as appropriate, should send the borrower an "Incomplete Information Notice" as provided in Section 2.3.3. If the Initial Package is resubmitted through HLP and accepted, the counseling agency that submitted the accepted Initial Package can receive compensation.