

*Supplemental Directive 13-06*

*August 30, 2013*

## ***Making Home Affordable<sup>®</sup> Program – Administrative Clarifications***

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 May 1, 2013, Treasury issued version 4.2 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 administrative updates and clarifications to the Home Affordable Modification Program<sup>®</sup> (HAMP), Second Lien Modification Program<sup>SM</sup> (2MP), Home Affordable Unemployment Program (UP), and the Home Affordable Foreclosure Alternatives<sup>®</sup> (HAFA) Program. 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. This Supplemental Directive amends and supersedes the notated portions of the *Handbook*, and except as stated herein, is effective immediately.

This guidance does not apply to mortgage loans that are owned or guaranteed by Fannie Mae or Freddie Mac, or insured or guaranteed by the Veterans Administration, the Department of Agriculture's Rural Housing Service (RHS) or the Federal Housing Administration (FHA).

This Supplemental Directive covers the following topics:

- Borrower Notice of Interest Rate Step-Ups
- Servicing Transfers Clarifications
- IRS Form 4506-T or 4506T-EZ
- Consideration of Non-Occupants and Non-Borrowers Following Death and Divorce
- Return of Fully Executed Modification Agreement
- UP and HAFA Program Cut-off Dates
- 2MP Certification Requirement
- *Handbook* Mapping Clean-Up and Clarifications

### **Borrower Notice of Interest Rate Step-Ups**

Servicers must provide notice to borrowers of any interest rate step-ups that will occur as the HAMP Tier 1 modifications reach the end of their initial five-year terms. Servicers must provide notice to HAMP borrowers at least 120 calendar days, but no more than 240 calendar days, before the first payment is due at the first adjusted level. Each subsequent notice must be sent at

least 60 calendar days, but no more than 120 calendar days, before the first payment is due at each subsequent adjusted level. All notices must include:

- A statement, similar to what was provided in the trial period plan, that (i) pursuant to the terms of the modification agreement, at the end of the fifth year, the interest rate will increase by 1% per year until it reaches a cap, which was the market rate of interest being charged by mortgage lenders on the day the modification agreement was prepared (the Freddie Mac Primary Mortgage Market Survey<sup>®</sup> rate for 30-year fixed-rate conforming mortgages), (ii) once the interest rate reaches the cap, it will be fixed for the remaining life of the loan, and (iii) the monthly payment includes an escrow for property taxes, hazard insurance and other escrowed expenses, which, if they increase, will increase the monthly payment as well;
- The amount and effective date of the interest rate increase and the amount and due date of the borrower's first increased monthly payment at the new adjusted level;
- A table with the payment schedule, similar to the table included in Section 3.C of the borrower's modification agreement, which outlines the future interest rates, and monthly payment amounts (identifying principal and interest, and escrows) and the dates that these are effective;
- An explanation of how the new payment is determined; and
- A telephone number at the servicer for the borrower to call if they have questions or concerns about their new payments, and the telephone number for the HOPE<sup>™</sup> Hotline, in accordance with Section 2.3.1 of Chapter II of the *Handbook*.

## **Servicing Transfers Clarifications**

### *Obligations of Transferor Servicers*

Section 1.4.3 of Chapter I of the *Handbook* requires the transferor servicer to provide an executed assignment and assumption agreement, the form of which is attached as Exhibit D to the SPA (AAA), with a list of Eligible Loans (as defined in program guidance) attached, no later than 15 calendar days prior to the effective date of the transfer or assignment. In addition, it provides that 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. This Supplemental Directive amends this guidance to remove the 15 calendar day advance notice requirement, and instead requires that the transferor servicer provide to the Program Administrator an executed AAA with a list of Eligible Loans attached, no later than 5 business days after the effective date of the transfer or assignment. The AAA should be executed prior to or concurrently with the transfer or assignment, and the effective date of the AAA must be the same as the effective date of the transfer or assignment.

### *Obligations of Transferee Servicers*

Section 1.4.4 of Chapter I of the *Handbook* provides that transferee servicers must have an internal quality control process to review loans acquired through a transfer and must validate receipt and completeness of MHA Data, as defined in the *Handbook*, within 60 days of the effective date of the transfer. 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 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.

This Supplemental Directive clarifies this guidance to provide that, even if the transferee servicer discovers that the trial period payment was calculated incorrectly based on its review of the MHA Data, the transferee servicer must not re-underwrite the borrower. Specifically, if a borrower has made timely trial period payments and a transferee servicer determines that, based on documentation provided by the transferor servicer and provided in the trial period plan notice, the trial period payment was calculated incorrectly, the transferee servicer should not request refreshed documentation from the borrower or require that the borrower start a new trial period. The borrower must be allowed to complete the trial period plan pursuant to the terms of the trial period plan notice.

In the event the borrower defaults during a trial period plan, the transferee servicer must follow the guidance in Section 5 of Chapter II of the *Handbook*. In the event the borrower successfully completes the trial period plan, the transferee servicer must offer to permanently modify the borrower's loan. If the transferee servicer determines that the transferor servicer incorrectly calculated the borrower's income such that the borrower's trial period payment exceeded by 10 percent or more the correct trial period payment, upon successful completion of the trial period plan, the transferee servicer must re-run the waterfall in order to determine the final HAMP modification terms. If the transferee servicer determines that the correct trial period payment exceeds the borrower's trial period payment, no re-run of the waterfall is required.

### **IRS Form 4506-T or 4506T-EZ**

Section 4.2 of Chapter II of the *Handbook*, as amended by Supplemental Directive 13-04, contains guidance regarding the acceptance and submission of IRS Forms 4506-T and 4506T-EZ. This Supplemental Directive amends the guidance in that section to provide that servicers must accept and submit the IRS Forms 4506-T and 4506T-EZ completed by the borrower in accordance with IRS requirements as set forth in the instructions to the form, including all signature and filing requirements. Servicers must submit the signed form expeditiously to the IRS for processing and may not require borrowers to re-execute the form prior to its expiration.

### **Consideration of Non-Occupants and Non-Borrowers Following Death and Divorce**

Sections 8.9.1 and 8.9.2 of Chapter II of the *Handbook* contain guidance with regard to evaluating remaining co-borrower occupants and remaining non-borrower occupants, respectively, who inherit or are awarded sole title to a property during an active trial period plan following divorce or the death of a borrower. This Supplemental Directive expands this guidance to include the consideration of non-occupant co-borrowers and non-occupant non-borrowers, who inherit or are awarded sole title to a property during an active trial period plan following divorce or the death of a borrower or co-borrower. The expansion of this guidance is consistent with the availability of HAMP Tier 2 for non-occupants.

In addition, this Supplemental Directive includes guidance for considering non-borrowers who inherit or are awarded sole title to a property for HAMP even if the borrower was not already in a trial period plan. Such non-borrowers may be considered for HAMP if they meet all applicable eligibility criteria. In those cases, servicers should collect an Initial Package from the non-borrower who now owns the property and evaluate the request as if he or she was the borrower. The servicer should process the assumption and loan modification contemporaneously if the non-borrower is eligible for HAMP and investor guidelines and applicable law permit an assumption of the loan. In connection with this assumption and loan modification, servicers are reminded that they must comply with disclosure obligations under applicable law, including, without limitation, the Truth in Lending Act.

### **Return of Fully Executed Modification Agreement**

Section 9.1 of Chapter II of the *Handbook* sets forth the criteria that must be met in order for a permanent modification to become effective, including the servicer's execution and return of a fully executed copy of the modification agreement to the borrower. This Supplemental Directive clarifies this guidance to provide that servicers must execute and return a copy of the fully-executed modification agreement to the borrower promptly, but no later than 30 calendar days after receipt of the agreement executed by the borrower, and the borrower's compliance with all conditions set forth in the trial period plan notice and Section 1 of the modification agreement.

### **UP and HAFA Program Cut-off Dates**

Section 2.1 of Chapter III (as amended by Supplemental Directive 13-04) currently states that one of the criteria for UP consideration is that the borrower submit a written (mail, fax or e-mail) request for UP on or before December 31, 2015. Separately, Section 4.1 of Chapter III of the *Handbook* states that a request for UP consideration may be made by phone, mail, fax or e-mail. This Supplemental Directive amends Section 2.1 to clarify that a borrower may submit a request for UP by phone, however, written evidence of the request must be documented by postmark or other independent indicator, such as a date and time stamp (electronic or otherwise), evidencing submission by the program cut-off date. This amended guidance is consistent with the current guidance in Section 4.1.

Conforming changes have also been made in Section 2 of Chapter IV of the *Handbook* (as amended by Supplemental Directive 13-04), with respect to requests for consideration of a HAFA short sale or deed in lieu, or for approval of an executed sales contract.

### **2MP Certification Requirement**

This guidance is effective September 16, 2013.

Supplemental Directive 13-05 provided for the expansion of 2MP guidance requiring 2MP servicers to offer to modify or extinguish a borrower's second lien under 2MP when it was matched to a qualifying first lien that was modified under the GSE Standard Modification requirements. That guidance stated that if the property is not occupied by the borrower as his or

her principal residence, servicers must obtain a completed Rental Property Certification from the borrower(s).

This Supplemental Directive amends that guidance to provide that 2MP servicers must obtain an Occupancy Certification from all borrowers whose qualifying first lien was modified under the GSE Standard Modification requirement, regardless of whether the borrower occupies the property as their principal residence or it is a rental property. The Occupancy Certification is provided on HMPadmin.com. As 2MP servicers are also required to obtain a completed Dodd-Frank Certification when the first lien is modified under GSE HAMP or the GSE Standard Modification requirements, a combined certification form is also provided on HMPadmin.com.

Section 1.7 of Chapter I of the *Handbook* provides guidance on the solicitation of the Dodd-Frank Certification by 2MP servicers. This Supplemental Directive applies that guidance to the Occupancy Certification when the qualifying first lien was modified under the GSE Standard Modification requirement. When the 2MP servicer sends a communication to the borrower including the Occupancy Certification to inform the borrower that its execution and return is a prerequisite to obtaining a 2MP trial period, permanent modification or extinguishment, the servicer must include a specific date by which the Occupancy Certification must be received. This date shall be no less than 30 calendar days from the date of the communication in which the servicer sends the Occupancy Certification and requests its execution. If the borrower has not completed and returned the Occupancy Certification by the specified date, the servicer must make an additional attempt in writing to contact the borrower and again provide a specific date by which the completed Occupancy Certification must be received, which shall be no less than 15 calendar days from the date of the second notice. If the completed Occupancy Certification is not received by the specified date, the servicer is no longer required to offer the borrower a 2MP trial period, permanent modification or extinguishment. Servicers should keep copies of the communications with the borrowers regarding the Occupancy Certification in the servicing file. The 2MP servicer may send the Occupancy Certification to the borrower concurrently with the 2MP trial period offer (or permanent modification offer if no trial period is required) or, subject to applicable laws and regulations, incorporate the Occupancy Certification into the 2MP permanent modification agreement, in each case, as long as the servicer clearly informs the borrower in writing that the 2MP offer is contingent upon the borrower returning the completed Occupancy Certification.

### ***Handbook* Mapping Clean-Up and Clarifications**

The mapping attached hereto as Exhibit A includes the following clean-up and clarification items to the *Handbook*.

- The fourth paragraph of Section 5.1 of Chapter II of the *Handbook* is amended to replace the reference to three modifications under HAMP Tier 2, with a reference to six modifications under HAMP Tier 2, consistent with Section 1.2 of Chapter II.
- The term “Acceptable DTI Range”, found in the first paragraph of Section 6.2 and the first sentence in Section 6.3.4 of Chapter II of the *Handbook*, has been replaced with “Expanded Acceptable DTI Range”. Similarly, references to “Acceptable DTI Range” in

the last paragraph of Section 6.1 and the second sentence of Section 6.3.4 of Chapter II have been changed to “Expanded Acceptable DTI Range, or the Servicer’s DTI Range, if different”.

- Section 9.2 of Chapter IV of the *Handbook* is amended to delete the eighth bullet and the second sentence of the ninth bullet as redundant.

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

**I. NEW HANDBOOK SECTION**

**A new Section 9.7 of Chapter II is inserted in its entirety as follows:**

**9.7 Borrower Notice of Interest Rate Step-Ups**

Servicers must provide notice to borrowers of any interest rate step-ups that will occur as the HAMP Tier 1 modifications reach the end of their initial five-year terms. Servicers must provide notice to HAMP borrowers at least 120 calendar days, but no more than 240 calendar days, before the first payment is due at the first adjusted level. Each subsequent notice must be sent at least 60 calendar days, but no more than 120 calendar days, before the first payment is due at each subsequent adjusted level. All notices must include:

- A statement, similar to what was provided in the trial period plan, that (i) pursuant to the terms of the modification agreement, at the end of the fifth year, the interest rate will increase by 1% per year until it reaches a cap, which was the market rate of interest being charged by mortgage lenders on the day the modification agreement was prepared (the Freddie Mac Primary Mortgage Market Survey<sup>®</sup> rate for 30-year fixed-rate conforming mortgages), (ii) once the interest rate reaches the cap, it will be fixed for the remaining life of the loan, and (iii) the monthly payment includes an escrow for property taxes, hazard insurance and other escrowed expenses, which, if they increase, will increase the monthly payment as well;
- The amount and effective date of the interest rate increase and the amount and due date of the borrower's first increased monthly payment at the new adjusted level;
- A table with the payment schedule, similar to the table included in Section 3.C of the borrower's modification agreement, which outlines the future interest rates, and monthly payment amounts (identifying principal and interest, and escrows) and the dates that these are effective;
- An explanation of how the new payment is determined; and
- A telephone number at the servicer for the borrower to call if they have questions or concerns about their new payments, and the telephone number for the HOPE<sup>™</sup> Hotline, in accordance with Section 2.3.1.

**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. The second paragraph of Section 1.4.3 of Chapter I is amended as follows:**

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](http://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 to the Program Administrator. The AAA should be executed prior to or concurrently with the transfer or assignment, and the effective date of the AAA must be the same as 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. Section 1.4.4 of Chapter I is amended to add the following after the last paragraph:**

*If the transferee discovers that the trial period payment was calculated incorrectly based on its review of the MHA Data, the transferee servicer must not re-underwrite the borrower. Specifically, if a borrower has made timely trial period payments and a transferee servicer determines that, based on documentation provided by the transferor servicer and provided on the TPP notice, the trial period payment was calculated incorrectly, the transferee servicer should not request refreshed documentation from the borrower nor require that the borrower start a new trial. The borrower must be allowed to complete the TPP pursuant to the terms of the TPP notice.*

*In the event the borrower defaults during a TPP, the transferee servicer must follow the guidance in Section 5. In the event the borrower successfully completes the trial period plan, the transferee servicer must offer to permanently modify the borrower's loan. If the transferee servicer determines that the transferor servicer incorrectly calculated the borrower's income such that the borrower's trial period payment exceeded by 10 percent or more the correct trial period payment, upon successful completion of the trial period plan, the transferee servicer must re-run the waterfall in order to determine the final HAMP modification terms. If the transferee servicer determines that the correct trial period payment exceeds the borrower's trial period payment, no re-run of the waterfall is required.*

**C. The fifth paragraph of Section 1.7 of Chapter I (as amended by Supplemental Directive 13-05) is revised as follows:**

\*When a matched first lien is identified as a HAMP Modification (rather than a HAMP GSE Modification or a GSE Standard Modification) in the LPS match file, 2MP servicers may reasonably conclude that the Dodd-Frank Certification was obtained in connection with that first lien as required by this guidance, and is not required to verify that it has been obtained.

When the 2MP servicer sends a communication to the borrower including the Dodd-Frank Certification *and, if required, the Occupancy Certification*, and informs the borrower that its execution and return is a prerequisite to obtaining a 2MP trial period, permanent modification or extinguishment, the servicer must include a specific date by which the ~~Dodd-Frank~~ Certification(s) must be received. This date shall be no less than 30 calendar days from the date

of the communication in which the servicer sends the ~~Dodd-Frank~~ Certification(s) and requests its execution. If the borrower has not completed and returned the ~~Dodd-Frank~~ Certification(s) by the specified date, the servicer must make an additional attempt in writing to contact the borrower and again provide a specific date by which the completed ~~Dodd-Frank~~ Certification(s) must be received, which shall be no less than 15 calendar days from the date of the second notice. If the completed ~~Dodd-Frank~~ Certification(s) is/are not received by the specified date, the servicer is no longer required to offer the borrower a 2MP trial period, permanent modification or extinguishment. Servicers should keep copies of the communications with the borrowers regarding the ~~Dodd-Frank~~ Certification(s) in the servicing file. The 2MP servicer may send the ~~Dodd-Frank~~ Certification(s) to the borrower concurrently with the 2MP trial period offer (or permanent modification offer if no trial period is required) or, subject to applicable laws and regulations, incorporate the ~~Dodd-Frank~~ Certification(s) into the 2MP permanent modification agreement, in each case, as long as the servicer clearly informs the borrower in writing that the 2MP offer is contingent upon the borrower returning the completed ~~Dodd-Frank~~ Certification(s).

**D. The seventh bullet of Section 3.1.1 of Chapter II is amended as follows:**

- The remaining non-borrower ~~occupant~~ was unable to assume the note and re-apply for HAMP during the period provided for by the servicer pursuant to Section 8.9.2.

**E. The first paragraph of Section 4.2 of Chapter II (as amended by Supplemental Directive 13-04) is amended as follows:**

4.2 IRS Form 4506-T or 4506T-EZ or Tax Return

~~All~~ Borrowers must provide with the Initial Package either (i) a signed and completed IRS Form 4506-T or 4506T-EZ (Request for Transcript of Tax Return) or (ii) a signed copy of the borrower's most recent tax return, including all applicable schedules and forms. As between the IRS Forms, either form is acceptable, use of the IRS Form 4506T-EZ is encouraged because of its relative simplicity. Both forms are posted on [www.HMPAdmin.com](http://www.HMPAdmin.com). Borrowers can locate and complete a version of IRS Form 4506T-EZ in either English or Spanish on [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov). *Servicers must accept and submit the IRS Forms 4506-T and 4506T-EZ completed by the borrower in accordance with IRS requirements as set forth in the instructions to the form, including all signature and filing requirements. Servicers must submit the signed form expeditiously to the IRS for processing and may not require borrowers to re-execute the form prior to its expiration.*

The servicer's Verification Policy may set forth a preference for either the borrower's complete tax return for the most recent tax year or the IRS Form 4506-T or 4506~~Y~~T-EZ; however, servicers may not refuse to accept an Initial Package if the borrower submits the borrower's complete tax return for the most recent tax year or the IRS Form 4506-T or 4506T-EZ. Furthermore, a servicer may request, but not require, a borrower to submit both a complete tax return for the most recent tax year and the applicable IRS Form.

**F. The fourth paragraph of Section 5.1 of Chapter II is amended as follows:**

If the income of an individual borrower, co-borrower or non-borrower occupant has previously been used as the basis for ~~three~~ six modifications under HAMP Tier 2, that individual may not be considered for a subsequent modification under HAMP Tier 2.

**G. The last paragraph of Section 6.1 of Chapter II is amended as follows:**

If a borrower being considered for HAMP Tier 2 has a modified DTI ratio that is outside the *Expanded Acceptable DTI Range, or the Servicer's DTI Range, if different*, the borrower is not eligible for HAMP and the servicer must send the borrower a Non-Approval Notice (see Section 2.3.2) and consider the borrower for alternative loss mitigation options in accordance with Section 8.7.

**H. The first paragraph of Section 6.2 of Chapter II is amended as follows:**

Prior to evaluating a borrower for HAMP Tier 2, the servicer must determine the borrower's gross monthly income and total housing expense. The NPV model will use such amount to determine whether the proposed HAMP Tier 2 modification falls within the *Expanded Acceptable DTI Range*. With respect to a loan secured by rental property, the servicer will add net income from the subject rental property to the borrower's gross income from all other sources (including rental income from other rental properties as described in Section 5.1.6) to calculate monthly gross income.

**I. Section 6.3.4 of Chapter II is amended as follows:**

Using the payment terms determined by the HAMP Tier 2 standard modification waterfall, the NPV model will calculate whether the post-modification DTI ratio is within the *Expanded Acceptable DTI Range*. If the DTI is not within the *Expanded Acceptable DTI Range, or the Servicer's DTI Range, if different*, the servicer must send the borrower a Non-Approval Notice (see Section 2.3.2) and consider the borrower for alternative loss mitigation options in accordance with Section 8.7.

**J. Section 8.8 of Chapter II is amended as follows:**

***8.8 Reserved Consideration of Non-Borrowers Following Death and Divorce***

*Non-borrowers who inherit or are awarded sole title to a property may be considered for HAMP even if the borrower who previously owned the property was not already in a TPP. Such title holders may be considered for HAMP if they meet all applicable eligibility criteria. In this case, servicers should collect an Initial Package from the non-borrower who now owns the property and evaluate the request as if he or she was the borrower. The servicer should process the assumption and loan modification contemporaneously if the titleholder is eligible for HAMP and investor guidelines and applicable law permit an assumption of the loan. In connection with this assumption and loan modification, servicers are reminded that they must comply with disclosure obligations under applicable law, including, without limitation, the Truth in Lending Act.*

**K. Sections 8.9, 8.9.1 and 8.9.2 of Chapter II are revised as follows:**

**8.9 Remaining Occupants ~~Co-Borrowers and Remaining Non-Borrowers~~ Following Death and Divorce during TPP**

**8.9.1 Remaining Co-Borrowers ~~Occupant~~**

If during a TPP, the servicer learns that a co-borrower occupant has inherited sole title to the property upon the death of another co-borrower or was awarded sole title to the property through a divorce decree or other action, the servicer must notify the remaining co-borrower occupant of the availability of the following options, subject to investor guidelines: (1) continuation of the existing TPP and conversion to a permanent modification; (2) termination of the existing TPP and immediate evaluation for a new TPP based solely on the income of the remaining co-borrower occupant; or (3) termination of the TPP immediately followed by consideration of any other loss mitigation options that may be available.

*If during a TPP, the servicer learns that a co-borrower non-occupant has inherited sole title to the property upon the death of another co-borrower or was awarded sole title to the property through a divorce decree or other action, the servicer must notify the remaining co-borrower non-occupant of the availability of the same options extended to co-borrower occupants, except that, as to option 1, the co-borrower non-occupant is only permitted to continue a HAMP Tier 2 TPP and convert to a permanent modification, because non-occupants are not eligible for HAMP Tier 1.*

This notice must be provided in writing within 10 business days after the servicer learns of the death or award of title. If the remaining co-borrower ~~occupant~~ selects either option 2 or 3, the servicer must inform the co-borrower ~~occupant~~ in writing that there is not assurance that he or she will qualify for HAMP or, in the case of option 3, any other loss mitigation options based on any re-evaluation. In the event of the death of a co-borrower, the servicer should, when permitted under prevailing law, allow the personal representative of the estate to sign the HAMP modification documents.

**8.9.2 Remaining Non-Borrowers ~~Occupant~~**

If, during a TPP, a servicer learns that a non-borrower occupant *or non-borrower non-occupant* has inherited sole title to the property upon the death of the borrower or was awarded sole title to the property through a divorce decree or other court action, the servicer must send written notice to the ~~remaining occupant~~ *new titleholder* describing the requirements for assuming the note, subject to applicable law and investor guidelines, and the impact of a potential assumption ~~of~~ the TPP and the borrower's continued eligibility for assistance under MHA. Based on the amount of time required to complete the assumption, the servicer may extend the existing TPP, *as appropriate under HAMP guidance*, or terminate the existing TPP and place the loan in a forbearance plan for a period the servicer deems sufficient to both complete the assumption and re-evaluate the ~~remaining occupant~~ *new titleholder* for HAMP. Servicers may not initiate or continue foreclosure proceedings during the period provided for the ~~remaining occupant~~ *new titleholder* to attempt to assume the note and re-apply for HAMP.

If assumption is not permissible under applicable law or investor guidelines, *or the titleholder does not meet HAMP eligibility criteria*, the servicer must terminate the TPP and send written notice to the remaining non-borrower occupant of the termination and information about other loss mitigation options available. In all cases, subject to applicable law and investor guidelines, the relevant notice must be provided in writing within 10 business days after the servicer learns of the death and inheritance or divorce and award of title. The servicer must document any assumption prohibitions, conditions and time extensions in the mortgage file and/or servicing system.

**L. The third paragraph of Section 9.1 of Chapter II is amended as follows:**

The borrower’s permanent modification will become effective as of the Modification Effective Date identified in the Modification Agreement when: (i) the borrower has satisfied all of the requirements of the TPP Notice, (ii) the borrower and the servicer have executed the Modification Agreement, (iii) the servicer has returned a fully executed copy of the Modification Agreement to the borrower, and (iv) the Modification Effective Date provided in the Modification Agreement has occurred. *The servicer must execute and return a copy of the fully-executed modification agreement to the borrower promptly, but no later than 30 calendar days after receipt of the agreement executed by the borrower, and the borrower’s compliance with all conditions set forth in the trial period plan notice and Section 1 of the modification agreement.*

**M. Section 2.1 of Chapter III (as amended by Supplemental Directive 13-04) is revised as follows:**

Program cut-off date	The borrower has submitted a <del>written</del> request ( <i>phone, mail, fax or e-mail</i> ) request for UP on or before December 31, 2015. <i>Written evidence of the request must be documented by postmark or other independent indicator, such as a date and time stamp (electronic or otherwise), evidencing submission by the program cut-off date.</i>
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**N. Section 2 of Chapter IV (as amended by Supplemental Directive 13-04) is revised as follows:**

Program cut-off date	The borrower has submitted a <del>written</del> request ( <i>phone, mail, fax or e-mail</i> ) for consideration for a short sale or deed in lieu (DIL) or, before pre-approval of a HAFA short sale, written request for approval of an executed sales contract on or before December 31, 2015 and the transaction closing date is on or before September 30, 2016. <i>Written evidence of the request must be documented by postmark or other independent indicator, such as a date and time stamp (electronic or otherwise), evidencing submission by the program cut-off date.</i>
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**O. The eighth and ninth bullets in Section 9.2 of Chapter IV are revised as follows:**

- ~~• The written notice or agreement of DIL must include notice to the borrower that a short sale may have income tax consequences and/or may have a negative impact on the borrower's credit score and a recommendation that the borrower seek professional advice regarding these matters.~~
- The amount of the monthly mortgage payment, if any, that the borrower will be required to pay until closing of the DIL. ~~Notice that upon successful closing of a DIL acceptable to the servicer, the servicer will record a mortgage lien release and the borrower will be released from all liability for repayment of the first mortgage debt.~~

**P. The fourth paragraph of Section 4.1.1 of Chapter V (as amended by Supplemental Directive 13-05) is revised as follows:**

The LPS match file will also include qualifying first liens that have been modified under the GSE Standard Modification. The LPS match file will indicate whether the matched first lien is a HAMP Modification, HAMP GSE Modification, or a GSE Standard Modification. Servicers of GSE loans are not required to provide data on GSE Standard Modifications directly to LPS, Treasury, or the Program Administrator. Such data will be provided by the GSEs. 2MP servicers can reasonably conclude that when a first lien modified under the GSE Standard Modification appears on the LPS match file, it satisfies the eligibility criteria in Section 1, the second paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.3 of Chapter II; ~~except that if the property is not occupied by the borrower as his or her principal residence,~~ servicers must obtain a completed ~~Rental Property Occupancy~~ *Occupancy Certification* from ~~all the borrower(s) whose qualifying first lien was modified under the GSE Standard Modification requirement, regardless of whether the borrower occupies the property as their principal residence or it is a rental property.~~ A standalone ~~Rental Property Occupancy~~ *Occupancy Certification* that servicers can use for this purpose is posted on HMPadmin.com. *As 2MP servicers are also required to obtain a completed Dodd-Frank Certification when the first lien is modified under GSE HAMP or the GSE Standard Modification requirements, a combined certification form is also provided on HMPadmin.com.*

**Q. The third paragraph of Section 4.1.2 of Chapter V (as amended by Supplemental Directive 13-05) is revised as follows:**

If servicers choose to offer and report 2MP modifications outside of the LPS process, the 2MP servicer must be able to provide sufficient documentation that the borrower is entitled to the 2MP modification being offered. Such documentation includes a copy of the fully executed modification agreement, and the information that must match includes, at a minimum, borrower name(s), social security number(s), property address and the first lien loan number. For servicer identified matches where the servicer services both the first and second liens, the servicer can rely on the executed modification documents in the servicer's possession and the servicer must verify the modified first lien's good standing. For servicer identified matches where the 2MP servicer does not service the first lien, the 2MP servicer can rely on a copy of the executed modification agreement obtained from the first lien servicer and verification from the first lien

servicer of the modified first lien's good standing. In addition, in the case of GSE Standard Modifications, the 2MP servicer must verify that the first lien modified under the GSE Standard Modification satisfies the eligibility criteria in Section 1, the second paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.3 of Chapter II of the Handbook, and if ~~the property is not occupied by the borrower as his or her principal residence,~~ the 2MP servicer must obtain a completed ~~Rental Property~~ *Occupancy Certification* from the borrower(s) *regardless of whether the borrower occupies the property as their principal residence or it is a rental property.*