

Supplemental Directive 15-03

May 6, 2015

Making Home Affordable[®] Program – Verification of Dodd-Frank Certification on GSE HAMP Loans Under a GSE Amended SPA

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 March 3, 2014, Treasury issued version 4.4 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, securitized or guaranteed by Fannie Mae or Freddie Mac (Non-GSE Mortgages). This included guidance relating to the Home Affordable Modification Program[®] for Non-GSE Mortgages (Treasury HAMP).

Fannie Mae and Freddie Mac, each a government sponsored enterprise (GSE), have each published guidance with respect to the Home Affordable Modification Program for GSE Loans (as defined in the servicer participation agreement (SPA)) (GSE HAMP). GSE Loans that have been permanently modified under GSE HAMP are referred to in this Supplemental Directive as GSE HAMP Loans.

On January 29, 2015, Treasury issued Supplemental Directive 15-01, which expanded eligibility for certain “pay for performance” incentives offered under Treasury HAMP to include certain GSE HAMP Loans. This Supplemental Directive provides additional guidance with respect to matters described in Supplemental Directive 15-01, specifically, compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) (the Dodd-Frank Act). For all other matters relating to GSE Loans, servicers of GSE Loans should look to the GSEs’ respective servicing guides, announcements and bulletins.

The guidance in this Supplemental Directive applies only to servicers that are subject to a GSE Amended SPA (as defined in Supplemental Directive 15-01), and only with respect to Treasury Funded GSE HAMP Loans (defined below). For the sake of clarity, this Supplemental Directive does not apply to (i) servicers who are not subject to a GSE Amended SPA, (ii) mortgage loans that are insured or guaranteed by the Department of Veterans Affairs, the Department of Agriculture’s Rural Housing Service or the Federal Housing Administration, or (iii) any other Non-GSE Mortgages.

This Supplemental Directive amends and supersedes the notated portions of the *Handbook* and is effective September 1, 2015.

This Supplemental Directive covers the following topics:

- Overview
- Borrower Eligibility & Compliance Portal
- Loan Selection
- Servicer Documentation
- Vendor Review and Alert Notification
- Alert Clearance Process
- Reporting Clearance Status
- Treasury System Reporting and Incentives

Overview

Supplemental Directive 15-01 provides that borrowers with GSE HAMP Loans are eligible to earn a \$5,000 pay for performance incentive as of the sixth anniversary of the HAMP trial period plan effective date (Sixth Anniversary Date), provided that specified requirements are met. These requirements include, among other things, that the servicer has obtained an executed Dodd-Frank Certification or Fannie Mae/Freddie Mac Form 720, *Real Estate Fraud Certification Form* (collectively referred to as the “Dodd-Frank Certification”), from the borrower, on or before the later of (a) the Sixth Anniversary Date, or (b) September 1, 2015, and otherwise in accordance with Section 1.7 of Chapter I of the *Handbook* (as amended by Supplemental Directive 15-01) and the servicer of record in the HAMP Reporting Tool at the time of payment is subject to a GSE Amended SPA.

Supplemental Directive 15-01 also provides that Treasury and its agents will evaluate servicer compliance with respect to any GSE HAMP borrower receiving the \$5,000 pay for performance incentive under a GSE Amended SPA by, among other things, confirming receipt of the executed Dodd-Frank Certification, and performing Dodd-Frank Certification compliance activities as set forth in Section 2.8 of Chapter I. A GSE HAMP Loan for which Treasury has funded the \$5,000 pay for performance incentive under a GSE Amended SPA is referred to in this Supplemental Directive as a Treasury Funded GSE HAMP Loan.

Review of Dodd-Frank Certification compliance will be conducted in an effort to ensure that borrowers with Treasury Funded GSE HAMP Loans have not been convicted of certain crimes, within the applicable time period that under the Dodd-Frank Act would make them ineligible for MHA assistance (Disqualifying Crime), as attested to in their signed Dodd-Frank Certification.

Borrower Eligibility & Compliance Portal

MHA-C’s vendor (Vendor) will conduct a criminal background check through public records on borrowers of selected Treasury Funded GSE HAMP Loans to identify potential inaccuracies with

respect to the individual's attestation in his or her Dodd-Frank Certification for the ten year period preceding the date of their signed Dodd-Frank Certification. In cases selected for review, the Vendor will first conduct research and analysis to identify potential borrower identity discrepancies before conducting a review for Dodd-Frank Certification compliance. The results of the Vendor research and analysis will be provided to servicers to assist them in complying with the Dodd-Frank Act. If the Vendor identifies a potential irregularity with respect to any loan reviewed for borrower identity or if a borrower appears to have been convicted of a Disqualifying Crime, the Vendor will post an "Alert" status in the web-based Borrower Eligibility & Compliance (BE&C) Portal for that loan, as well as the information on which the Alert was based. Servicers will be required to periodically access the portal and will only have the ability to view the information provided for those loans they service. Servicers will undertake their own evaluation of all Alerts and information provided with the Alert, perform any necessary additional research, communicate with the borrower, and ultimately either "Clear" the Alert or post a status of "Not Clear" on the portal as described herein.

Individuals associated with Alerts that are not ultimately "Cleared" are not eligible for any Treasury-funded incentives. With respect to Treasury Funded GSE HAMP Loans, if an Alert is not ultimately "Cleared" by the servicer, the servicer must update the reporting in the HAMP Reporting Tool to reflect that a valid Dodd-Frank Certification was not received and any Treasury-funded incentives with respect to such loan will be recaptured.

Servicer questions regarding the technical use of the BE&C Portal or the content of a particular Alert on the BE&C Portal should be raised directly with the Vendor.

Loan Selection

Disqualifying Crime review will be performed on a sample of Treasury Funded GSE HAMP Loans, regardless of trial period plan effective date.

For the sake of clarity, the guidance in this Supplemental Directive applies only to Treasury Funded GSE HAMP Loans, and does not apply to GSE HAMP Loans in trial period plans or Home Affordable Foreclosure Alternatives[®] Program transactions on GSE Loans.

Servicer Documentation

As provided in Supplemental Directive 15-01, with respect to any Treasury Funded GSE HAMP Loan, servicers must maintain a copy of the date-stamped and executed Dodd-Frank Certification in the mortgage file and/or servicing system, and maintain reports of the receipt of the executed Dodd-Frank Certification, both of which must be provided to Treasury and its agents upon request.

Vendor Review and Alert Notification

The BE&C Portal will provide the servicer with the type of Alert (borrower identity or Dodd-Frank Certification), and provide servicers with the information upon which the Alert was based. The servicer must independently evaluate the Alert and associated material and conduct any additional due diligence necessary to clear the Alert (i.e., report, as appropriate, a status of “Clear” or “Not Clear” in the BE&C Portal). This includes, where required under this guidance or applicable law, rule or regulation, working with the borrower.

As provided in Section 2.8.5 of Chapter I of the *Handbook*, the Vendor will notify servicers on a weekly basis (or such other time frame as Treasury and/or MHA-C may direct), of any new Alerts it has posted to the BE&C Portal. Within two (2) business days after receipt of this notification, the servicer must access the BE&C Portal to retrieve the list of new Alerts posted. If a loan is subject to a borrower identity Alert, the Vendor will not research Dodd-Frank Certification compliance until the borrower identity Alert has first been cleared and the correct identity of the borrower has been determined.

Alert Clearance Process

As provided in Section 2.8.6 of Chapter I of the *Handbook*, within ten (10) business days after an Alert status is posted on the BE&C Portal, the servicer must evaluate the information provided by the Vendor, as well as any other information the servicer may have relied upon and must either:

- (i) make a determination that the servicer has sufficient evidence to confirm the borrower’s identity or Dodd-Frank Certification compliance; document the basis for this determination and maintain it in the servicing system and/or mortgage file; and use the BE&C Portal to report a “Cleared” status in accordance with the guidance in this Section; or
- (ii) notify the borrower in writing, by certified mail with return receipt requested that the servicer was unable to verify the accuracy of the borrower’s identity or Dodd-Frank Certification compliance.

All borrower Alert notices sent pursuant to (ii) above must comply with the applicable provisions in Section 2.8.6, except that with respect to Section 2.8.6(c), such notices must state that failure to respond to the notice by the date specified or failure to verify the accuracy of the borrower’s identity or Dodd-Frank Certification may result in the borrower being ineligible for any housing program funded under the Emergency Economic Stabilization Act of 2008 (EESA), which includes the \$5,000 pay for performance incentive that the borrower has received in connection with the sixth anniversary of their HAMP modification.

Servicers bear sole responsibility for assessing the validity of any information provided by Vendor or borrower, and accepting or rejecting such information in determining whether the borrower is who they have represented themselves to be and is compliant with the provisions of

Section 1481(d) of the Dodd-Frank Act. Servicers should make every effort to clear Alerts within ten (10) business days of the borrower response due date. However, servicers should grant extensions of time to submit information necessary to clear Alerts as necessary. Extensions should be granted in fifteen (15) calendar day increments and should not exceed a total of forty-five (45) calendar days.

As necessary, servicers must update their written policies and procedures for Treasury Funded GSE HAMP Loans regarding clearing Alerts, notifying a borrower of an Alert, and verifying the accuracy of information disputed by a borrower, no later than September 1, 2015. Servicers' policies and procedures related to compliance with this guidance must be provided to MHA-C upon request.

Reporting Clearance Status

No later than ten (10) business days following the due date specified in the Alert notice and at least once each month thereafter until the Alert is "Cleared" or "Not Cleared", the servicer must use the BE&C Portal to report the status of efforts to clear the Alert, using the applicable Alert status types listed in Sections 2.8.7.1 and 2.8.7.2 of Chapter I of the *Handbook*.

If a servicer has independently determined based on its own evaluation of an Alert that a borrower has misrepresented his or her identity, or that the borrower was convicted of a Disqualifying Crime, the servicer must, within ten (10) business days of the due date specified in the Alert notice to the borrower or any extension thereof, designate the GSE HAMP Loan "Not Cleared" on the BE&C Portal and update the reporting in the HAMP Reporting Tool to reflect that a valid Dodd-Frank Certification was not received.

Updating the Dodd-Frank Certification reporting in the HAMP Reporting Tool does not terminate or alter a modification agreement executed between the servicer and borrower. However, if the servicer determines, in conjunction with a pending recapture by Treasury of the \$5,000 pay for performance incentive from the servicer, that it will recapture the incentive from the borrower, the servicer must notify the borrower in writing of his or her ineligibility for the \$5,000 pay for performance incentive in connection with the sixth anniversary of the borrower's HAMP modification and the recapture. In such event, the servicer must provide the borrower a period of thirty (30) calendar days from the date of the notice to dispute the action prior to reporting a "Not Cleared" status or updating the reporting in the HAMP Reporting Tool to reflect that a valid Dodd-Frank Certification was not received. Such notice must include contact information for the borrower's relationship manager, if applicable, or other contact at the servicer and MHA-Help. If the servicer will not recapture the \$5,000 pay for performance incentive in connection with the sixth anniversary of the borrower's HAMP modification, a borrower notice is not required.

Treasury System Reporting and Incentives

No later than the fourth (4th) business day of the month after the expiration of the 30-day dispute period (or such later period as required to review supplemental material provided by the

borrower), the servicer must update the reporting in the HAMP Reporting Tool to reflect that a valid Dodd-Frank Certification was not received. In the event of borrower identity or Dodd-Frank Certification non-compliance with respect to a Treasury Funded GSE HAMP Loan, Treasury will recapture the \$5,000 pay for performance incentive previously paid with respect to such loan from the servicer of record at the time of such correction; provided, however, if the servicer of record at the time of correction is not subject to a GSE Amended SPA, then such incentive will be recaptured from the servicer to whom the \$5,000 pay for performance incentive was originally paid.

EXHIBIT A MHA HANDBOOK MAPPING

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 2.8 of Chapter I is amended as follows:

Review of Dodd-Frank Certification, borrower identity and owner-occupancy compliance will be conducted in an effort to ensure that *borrowers (including as well as non-borrower occupants, as applicable)* applying for or receiving benefits under MHA:

- Are the individuals they have represented themselves to be (borrower identity);
- Meet the owner-occupancy requirements of the MHA program(s) in which they participate, if applicable (owner-occupancy); and
- Have not been convicted of certain crimes, within the applicable time period that under the Dodd-Frank Act would make them ineligible for MHA assistance (Disqualifying Crime), as attested to in their signed Dodd-Frank Certification.

MHA-C has retained a contractor (Vendor) to gather, analyze and share with servicers, information regarding individuals applying for ~~and/or~~ receiving assistance under MHA with respect to borrower identity and owner-occupancy status and the accuracy of their Dodd-Frank Certification. The Vendor will be provided identifying information for loans selected for review from loans entered into the HAMP Reporting Tool and will conduct research and analysis to identify potential borrower identity and owner-occupancy discrepancies for servicers to investigate further. Additionally, on some, but not all of the selected loans, the Vendor will conduct a criminal background check through public records to identify potential inaccuracies with respect to the individual's attestation in their Dodd-Frank Certification *for the ten year period preceding the date of their signed Dodd-Frank Certification*. The results of the Vendor research and analysis with respect to borrowers will be provided to servicers to assist them in complying with the Dodd-Frank Act and their responsibilities with respect to MHA guidelines on borrower identity and owner-occupancy. If the Vendor identifies a potential irregularity with respect to any loan reviewed for borrower identity or owner-occupancy compliance or if a borrower appears to have been convicted of a Disqualifying Crime, the Vendor will post an "Alert" status in a web-based *Borrower Eligibility & Compliance (BE&C) Portal* for that loan, *as well as the information on which the Alert was based*. Servicers *will be required to periodically access this portal and will only have the ability to (viewing only their own loans) and evaluate* the information provided ~~with the Alert for those loans they service~~. Servicers will undertake their own evaluation of ~~the all Alerts and information provided with the Alert~~, perform any necessary additional research, communicate with the borrower ~~as described herein~~, and ultimately either "eClear" the Alert or post a status of "~~n~~Not eClear" on the portal *as described herein*.

Servicers must take such action as necessary to prevent loans associated with Alerts from reaching a status where Treasury pays any incentives until the Alert has been “Cleared” by the servicer.

Individuals associated with Alerts that are not ultimately “Cleared” are not eligible for participation in any MHA program *or any Treasury-funded incentives*. If the individual is a borrower (as opposed to a non-borrower occupant) *with a Non-GSE Mortgage*, the respective loan must be canceled from Treasury’s system of record. Treasury will recapture any servicer, borrower or investor incentives previously paid on a loan cancelled from the HAMP Reporting Tool as a result of borrower identity, owner-occupancy or borrower Dodd-Frank Certification non-compliance.

With respect to Treasury Funded GSE HAMP Loans, if an Alert is not ultimately “Cleared” by the servicer, the servicer must update the reporting in the HAMP Reporting Tool to reflect that a valid Dodd-Frank Certification was not received and any Treasury-funded incentives with respect to such loan will be recaptured.

As necessary, servicers must update their written policies and procedures for Treasury Funded GSE HAMP Loans regarding clearing Alerts, notifying a borrower of an Alert, and verifying the accuracy of information disputed by a borrower, no later than September 1, 2015. Servicers’ policies and procedures related to compliance with this guidance must be provided to MHA-C upon request.

B. The first paragraph of Section 2.8.1 of Chapter I is amended as follows:

To facilitate the exchange of communication among Treasury, the Vendor and servicers, the Vendor has established a ~~web-based Borrower Eligibility & Compliance~~ (the BE&C) Portal. The Vendor will issue an “Alert” to servicers on any loan for which it identifies a potential borrower identity or owner-occupancy irregularity, or a possible Disqualifying Crime, and will share information relevant to the Alert with the applicable servicer. The BE&C Portal will also be used by servicers to report on their efforts to investigate and resolve Alerts. The Vendor will only allow servicers to access loans in their own servicing portfolios on the BE&C Portal.

C. Section 2.8.2 of Chapter I (including as amended in Supplemental Directive 15-01) is further amended as follows:

Loans will be selected for Vendor review from loans entered into the HAMP Reporting Tool from the following programs: HAMP, Treasury FHA-HAMP, RD-HAMP, 2MP and HAFA. Selection will include loans in active TPPs, those that have been permanently modified, and loans in connection with pending or completed HAFA transactions. Dodd-Frank Certification compliance will only be conducted on loans with TPP Effective Dates on or after September 22, 2010, 2MP modifications that have modification dates on or after September 22, 2010 and corresponding GSE first lien modifications, or HAFA transactions that were entered into the HAMP Reporting Tool on or after September 22, 2010. In addition, effective April 1, 2015, borrower identity and Dodd-Frank Certification compliance will be conducted on GSE HAMP

~~Loans for which Treasury has funded that have received~~ the \$5,000 pay for performance incentive under a GSE Amended SPA (*Treasury Funded GSE HAMP Loans*).

Borrower identity and owner occupancy review, when applicable, on all new TPPs, 2MP modification with corresponding GSE first lien modifications and HAFA transactions reported to the HAMP Reporting Tool during the current month's reporting cycle will be performed. Disqualifying Crime review will be performed on a random sample of those loans.

For the sake of clarity, the guidance in this Section 2.8 applies only to Treasury Funded GSE HAMP Loans, and does not apply to GSE HAMP Loans in trial period plans or HAFA transactions on GSE Loans. Disqualifying Crime review will be performed on a sample of Treasury Funded GSE HAMP Loans, regardless of trial period plan effective date.

D. Section 2.8.3 of Chapter I is amended to add the following after the last sentence:

In addition, with respect to any Treasury Funded GSE HAMP Loan, servicers must maintain a copy of the date-stamped and executed Dodd-Frank Certification in the mortgage file and/or servicing system, and maintain reports of the receipt of the executed Dodd-Frank Certification, both of which must be provided to Treasury and its agents upon request.

E. The first paragraph of Section 2.8.5 of Chapter I is amended as follows:

If the Vendor identifies a potential irregularity with respect to any loan reviewed for borrower identity or owner-occupancy compliance, or if a borrower appears to have been convicted of a Disqualifying Crime, the Vendor will post an "Alert" status in the BE&C Portal for that loan. The BE&C Portal will provide the servicer with the type of Alert (borrower identity, owner-occupancy or Dodd-Frank Certification), and provide servicers with the information upon which the Alert was based. The servicer must independently evaluate the Alert and associated material and conduct any additional due diligence necessary to clear the Alert (*i.e., report, as appropriate, a status of "Clear" or "Not Clear" in the BE&C Portal*). This includes, where required under this guidance or applicable law, rule or regulation, working with the borrower.

F. Section 2.8.6(i) of Chapter I is amended as follows:

- (i) make a determination that the servicer has sufficient evidence to confirm the borrower's identity, occupancy status or Dodd-Frank Certification compliance in accordance with program requirements; document the basis for this determination and maintain it in the servicing system *and/or* mortgage file; and use the BE&C Portal to report a "Cleared" status in accordance with the guidance in this Section; or

G. Section 2.8.6.c of Chapter I is amended as follows:

- c. State that failure to respond to the notice by the date specified or failure to verify the accuracy of the borrower's identity, occupancy status, or Dodd-Frank Certification may result in the borrower being ineligible for any housing program funded under the Emergency Economic Stabilization Act of 2008 (EESA). *With respect to Non-GSE Mortgages, this* ~~which~~ *includes the program for which the borrower has been accepted, and with respect to permanent modifications, pay-for-success benefits to which the borrower might otherwise be entitled to. With respect to Treasury Funded GSE HAMP Loans, this includes the \$5,000 pay for performance incentive that the borrower has received in connection with the sixth anniversary of their HAMP modification.*

H. Section 2.8.6.1 of Chapter I is amended as follows:

Servicers bear sole responsibility for assessing the validity of any information provided by Vendor, borrower or non-borrower occupant, if applicable, and accepting or rejecting such information in determining whether the borrower is *who they have represented themselves to be and is* compliant with the provisions of Section 1481(d) of the Dodd-Frank Act and, *as applicable*, with program guidelines on ~~borrower identity and, as applicable~~, owner-occupancy. Servicers should make every effort to clear Alerts within ten (10) business days of the borrower response due date. However, ~~as necessary~~ servicers should grant extensions of time to submit information necessary to clear Alerts *as necessary*. Extensions should be granted in fifteen (15) calendar day increments and should not exceed a total of forty-five (45) calendar days.

Until such time as the servicer reports a Cleared status for an individual who is subject to an Alert, the subject individual is not eligible for participation in any mortgage assistance program authorized or funded under EESA (e.g., HAMP, 2MP, HAFA, Treasury FHA-HAMP, RD-HAMP, FHA2LP, FHA Refinance of Borrowers in Negative Equity Positions Program, and the Hardest Hit Fund), *including any Treasury-paid incentives on Treasury Funded GSE HAMP Loans.*

I. Section 2.8.7.2.g of Chapter I is amended as follows:

Not Cleared: The borrower did not provide sufficient documentation demonstrating that they had not been convicted of a Disqualifying Crime. The Not Cleared status is a final determination and should only be used after the borrower has received a Non-Approval *Notice* or ~~Termination~~ *notice of ineligibility* and the 30 day dispute period has expired.

J. Section 2.8.8 of Chapter I is amended as follows:

If a servicer has independently determined based on its own evaluation of an Alert that a borrower has misrepresented his or her identity or that the property is not owner occupied, if required by program rules, or the borrower or non-borrower occupant was convicted of a Disqualifying Crime, the servicer must, within ten (10) business days of the due date specified ~~in~~ the Alert notice to the borrower or any extension thereof, take the actions described below.

If the borrower is in an active TPP or pending HAFA transaction, the servicer must send a notice in accordance with Sections 2.3.2.5 of Chapter II or Section 4.2 of Chapter IV, respectively.

If the borrower is in a TPP or a pending HAFA transaction and the servicer is unable to clear the Alert, the servicer must designate the loan “Not Cleared” on the BE&C Portal and cancel the transaction in the HAMP Reporting Tool. Following cancellation of a TPP or pending HAFA transaction, servicers may, but are not required to, offer the borrower a proprietary modification or other proprietary loss mitigation option.

If the borrower is in a permanent modification *of a Non-GSE Mortgage* and the servicer is unable to clear the Alert, the servicer must designate the loan “Not Cleared” on the BE&C Portal and cancel the transaction in the HAMP Reporting Tool.

If the servicer identifies that the loan has received or is receiving assistance from a HHF program, the servicer must notify the relevant HFA contemporaneously with the notice sent to the borrower in accordance with Sections 2.3.2.5 of Section II or Section 4.2 of Chapter IV, and work with the HFA before cancelling the related loan in the HAMP Reporting Tool. Servicers should allow the HFA a minimum of 30 days and a maximum of 60 days to resolve the Alert before cancelling the loan in the HAMP Reporting Tool.

If the borrower is in a Treasury Funded GSE HAMP Loan, the servicer must designate the GSE HAMP Loan “Not Cleared” on the BE&C Portal and update the reporting in the HAMP Reporting Tool to reflect that a valid Dodd-Frank Certification was not received.

Cancellation in the HAMP Reporting Tool does not terminate or alter a modification agreement executed between the servicer and borrower. *Likewise, updating the Dodd-Frank Certification reporting with respect to a Treasury Funded GSE HAMP Loan does not terminate or alter a modification agreement executed by the servicer and borrower.*

In the event that a permanent HAMP modification is cancelled as a result of borrower identity, owner-occupancy or Dodd-Frank non-compliance, servicers may, but are not required to convert the borrower to a proprietary loss mitigation option. However, if the servicer determines in conjunction with a pending cancellation that it has cause to change any term of its modification agreement with the borrower, including the borrower’s expectation of receipt of pay-for-success incentives, the servicer must notify the borrower in writing of the change(s).

Similarly, with respect to a Treasury Funded GSE HAMP Loan, if the servicer determines, in conjunction with a pending recapture by Treasury of the \$5,000 pay for performance incentive from the servicer, that it will recapture the incentive from the borrower, the servicer must notify the borrower in writing of his or her ineligibility for the \$5,000 pay for performance incentive in connection with the sixth anniversary of the borrower’s HAMP modification and the recapture.

~~and~~ *In either instance, the servicer must provide the borrower a period of thirty (30) calendar days from the date of the notice to dispute the action prior reporting a “Not Cleared” status or cancelling the loan, or updating the reporting, as applicable, in the HAMP Reporting Tool. Such notice must include contact information for the borrower’s relationship manager, if applicable, or*

other contact at the servicer and MHA-Help. If the cancellation does not impact the borrower's modified loan terms and the servicer intends to continue to pay any applicable pay-for-success incentives, no borrower notice is required. *With regard to a Treasury Funded GSE HAMP Loan, if the servicer will not recapture the \$5,000 pay for performance incentive in connection with the sixth anniversary of the borrower's HAMP modification, a borrower notice is not required.*

No borrower notice is required if the loan is associated with a closed HAFA transaction.

K. Section 2.8.9 of Chapter I is amended as follows:

No later than the (4th) fourth business day of the month after the expiration of the 30-day dispute period (or such later period as required to review supplemental material provided by the borrower, or an HFA to clear or resolve Alerts when a borrower benefits from more than one EESA-funded program), the servicer *must take appropriate action in the HAMP Reporting Tool. With respect to a Treasury Funded GSE HAMP Loan, the servicer must update the reporting in the HAMP Reporting Tool to reflect that valid Dodd-Frank Certification was not received. With respect to a Non-GSE Mortgage, the servicer must cancel the loan in the HAMP Reporting Tool using the following reason codes: if the borrower is ineligible due to an alert based on owner occupancy or borrower identity, report Reason Code (21) Application Discrepancy; if the borrower is ineligible due to an alert based on potential Dodd-Frank Certification noncompliance by the borrower, report Reason Code (24) Dodd-Frank Certification Non-Compliance; except that in the case of a HAFA transaction, report reason code (7) Other. If as a result of the Alert clearance process, the servicer determines that any information in the HAMP Reporting Tool was incorrect, the servicer must concurrent with submitting the corrected information to the BE&C Portal in the manner described in the instructions found on the BE&C Portal, also submit corrected information to the HAMP Reporting Tool.*

Treasury will recapture any servicer, borrower or investor incentives previously paid on a loan cancelled from the HAMP Reporting Tool as a result of borrower identity, owner-occupancy or Dodd-Frank non-compliance. *In the event of borrower identity or Dodd-Frank Certification non-compliance with respect to a Treasury Funded GSE HAMP Loan, Treasury will recapture the \$5,000 pay for performance incentive previously paid with respect to such loan from the servicer of record at the time of such correction; provided, however, if the servicer of record at the time of correction is not subject to a GSE Amended SPA, then such incentive will be recaptured from the servicer to whom the \$5,000 pay for performance incentive was originally paid.*

L. The first sentence of the second paragraph of Section 2.9 of Chapter I (as amended in Supplemental Directive 15-01) is amended as follows:

~~With respect to any GSE Loan for which the \$5,000 pay for performance incentive was paid under a GSE Amended SPA~~*Treasury Funded GSE HAMP Loan, servicers must maintain the following in the mortgage file and/or servicing system:*

M. Section 11.3 of Chapter II (as provided in Supplemental Directive 15-01) is amended as follows:

Servicers are required to maintain reports of the receipt of the executed Dodd-Frank Certification for ~~GSE Loans that have received the \$5,000 pay for performance incentive under a GSE Amended SPA~~ *Treasury Funded GSE HAMP Loans*, which must be provided to Treasury and its agents upon request. Updated reporting processes related to the \$5,000 pay for performance incentive under the GSE Amended SPA are currently under development by the Program Administrator. Subsequent guidance on such processes will be provided on HMPadmin.com.

N. The last paragraph of Section 13.2.4 of Chapter II (as provided in Supplemental Directive 15-01) is amended as follows:

In the event the related GSE Loan is subsequently cancelled in the HAMP Reporting Tool, or a correction is made which renders the GSE Loan ineligible for the \$5,000 pay for performance incentive, the \$5,000 pay for performance incentive will be *recaptured*~~recovered~~ from the servicer of record at the time of such cancellation or correction; provided, however, if the servicer of record at the time of cancellation or correction is not subject to a GSE Amended SPA, then such incentive will be *recaptured*~~recovered~~ from the servicer to whom the \$5,000 pay for performance incentive was originally paid.