

Supplemental Directive 15-04***May 21, 2015******Making Home Affordable[®] Program – MHA Program Extension and Administrative Clarifications***

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). On June 13, 2013, Treasury announced that the Obama Administration had extended the deadline for the MHA Program until December 31, 2015 in an effort to continue providing meaningful solutions to struggling homeowners.

On June 26, 2014, Treasury Secretary Jack Lew announced that the MHA Program would be extended at least through December 31, 2016, allowing the Administration to continue to help homeowners who are facing foreclosure and those whose homes are underwater. This Supplemental Directive provides guidance to servicers for implementation of the extension of MHA for Non-GSE Mortgages, specifically the Home Affordable Modification Program[®] (HAMP), Home Affordable Unemployment ProgramSM (UP), Home Affordable Foreclosure Alternatives[®] (HAFA) Program, Second Lien Modification ProgramSM (2MP), Treasury Federal Housing Administration HAMP (Treasury FHA-HAMP) and Rural Development HAMP (RD-HAMP). In addition, this Supplemental Directive provides administrative updates and clarifications to HAMP[®], UP, and HAFA[®].

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 is effective immediately.

This guidance does not apply to mortgage loans that are owned, securitized or guaranteed by Fannie Mae or Freddie Mac (each, a GSE), insured or guaranteed by the Department of Veterans Affairs, and except as noted herein, insured or guaranteed by the Federal Housing Administration (FHA) or by the Department of Agriculture's Rural Housing Service (RHS). For matters relating to GSE Loans (as defined in the SPA), including eligibility and any extension of GSE HAMP (as defined in Supplemental Directive 15-01), servicers of GSE Loans should look to the GSEs' respective servicing guides, announcements and bulletins.

This Supplemental Directive covers the following topics:

- MHA Program Extension
- Servicer Documentation
- Updated HAFA and HAMP Documents
- Escalated Cases Reporting
- *Handbook* Mapping Clean-Up and Clarifications

MHA Program Extension

This Supplemental Directive extends the deadline for eligibility in MHA and the component programs listed below through December 31, 2016.

On or before December 31, 2016, in order for a loan to be eligible for:

- A modification under HAMP, an Initial Package, as defined in Section 4 of Chapter II of the *Handbook* must be submitted by the borrower.
- A forbearance under UP, a request (phone, mail, fax or e-mail) for UP must be submitted by the borrower.
- A short sale or deed-in-lieu (DIL) of foreclosure under HAFA, a request (phone, mail, fax or e-mail) for consideration for a short sale or DIL or, before pre-approval of a HAFA short sale, a written request for approval of an executed sales contract, must be submitted by the borrower.
- A modification under Treasury FHA-HAMP or RD-HAMP, a written request for modification assistance (as defined by FHA or RHS) must be submitted by the borrower.

As currently provided, written evidence of the borrower request referenced above must be documented by postmark or other independent indicator, such as a date and time stamp (electronic or otherwise), evidencing submission by the borrower on or before December 31, 2016.

In order for a loan to be eligible for a 2MP modification or extinguishment, a servicer must receive notification of a match with a permanent first lien modification under HAMP, or a GSE Standard Modification (as defined in the *Handbook*), that satisfies the HAMP eligibility criteria as described in Section 3.1 of Chapter V of the *Handbook*. 2MP servicers may reasonably conclude that when a first lien appears on the Black Knight match file as permanently modified, it satisfies such eligibility criteria.

In addition to the submission deadlines described above, in order for any MHA loss mitigation option to be eligible for incentive compensation, the transaction must be completed on or before September 30, 2017 (e.g., the HAMP, Treasury FHA-HAMP, RD-HAMP or 2MP permanent modifications or extinguishments must have a modification or extinguishment effective date on or before September 30, 2017 or the HAFA short sale or DIL of foreclosure must have a transaction closing date on or before September 30, 2017).

When a servicer has had contact with a borrower in connection with any of the above MHA programs, but is not in receipt of the minimum program documentation described above on or before December 31, 2016, or has determined it will be unable to complete (as described above) the HAMP, 2MP or HAFA transaction on or before September 30, 2017, the servicer must notify the borrower in writing that he or she cannot be considered for the applicable MHA program and provide information about other available loss mitigation options. All references to borrower in this Supplemental Directive refer to the primary borrower and any co-borrowers who are parties to the loan transaction.

As described in Chapter III of the *Handbook* and subject to the guidelines described therein, UP generally requires servicers to offer 12 months of forbearance assistance to borrowers who are unemployed, with the expectation that when the borrower has regained employment or the period of unemployment forbearance has expired, the borrower will be evaluated for HAMP. While servicers must consider borrowers for UP eligibility through the December 31, 2016 deadline, borrowers in UP who do not meet the HAMP, 2MP or HAFA deadlines described herein will not be eligible for those programs and, upon re-employment or the expiration of the UP forbearance period, must be considered for other available loss mitigation options.

Servicer Documentation

Under Section 2.2 of Chapter I of the *Handbook*, servicers are required to maintain appropriate documentary evidence of their MHA-related activities, and to provide that documentary evidence upon request to MHA-C. This Supplemental Directive provides that servicers are required to maintain documentation evidencing that at least one of the circumstances in Section 3.1.1 of Chapter II was met prior to a foreclosure referral and prior to conducting a foreclosure sale.

Updated HAFA and HAMP Documents

Supplemental Directive 14-04 increased the relocation assistance amount for all HAFA transactions closing on or after February 1, 2015 and provided servicers discretion to establish an aggregate cap with regard to the amount of gross sale proceeds subordinate lien holders may be paid in exchange for release of subordinate liens. Supplemental Directive 14-05 enhanced the borrower pay for performance incentives under HAMP, Treasury FHA-HAMP and RD-HAMP, effective November 26, 2014. Accordingly, several model documents, specifically the Non-Owner Occupant Certification, Short Sale Notice (SSN), Deed-in-Lieu of Foreclosure Agreement, HAFA Matrix, Home Affordable Modification Trial Period Plan Notice, and Home Affordable Modification Agreement Cover Letter were revised to reflect the increased amounts and made available on www.HMPadmin.com in March 2015.

This Supplemental Directive clarifies that servicers must immediately notify borrowers who request consideration under HAFA, or who are subject to a SSN or DIL notice or agreement that has not terminated or expired, of the increased incentive for which they may be eligible. Servicers must document in the servicing system and/or mortgage file that the borrower has been

notified. To the extent that a servicer has established an aggregate cap on the amount of sale proceeds paid to subordinate lien holders, the servicer must immediately update its HAFA Matrix to describe such cap. Servicers who are not currently using the updated HAFA documents must implement use of these updated documents, or substantially similar written communications updated to reflect the increased incentive, no later than September 1, 2015.

In addition, servicers who are not currently using the updated HAMP documents must implement use of these updated documents, or substantially similar written communications updated to reflect the enhanced incentive, no later than September 1, 2015.

Escalated Cases Reporting

Section 11.6.1 of Chapter II of the *Handbook* provides that servicers that are required to provide monthly summary-level data to the Program Administrator via the HAMP Monthly Servicer Survey must include weekly summary-level data for all Escalated Cases. This Supplemental Directive amends this guidance by changing “must” to “may be required to”, and provides that Treasury will notify servicers if and when such data is required.

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 Overview of the *Handbook* provides that the Treasury/FHA Second Lien Program expired on December 31, 2013. For the sake of clarity, a similar sentence was added at the end of Section 1 of Chapter VII of the *Handbook*.
- All references to “Lender Processing Services” and “LPS” have been changed to “Black Knight Financial Technology Solutions, LLC” and “Black Knight” to reflect the new company name.
- Section 3.1.1 of Chapter II of the *Handbook* (as amended by Supplemental Directive 15-02) provides that if a borrower submits an incomplete Loss Mitigation Application, a servicer may not refer a loan to foreclosure unless and until the later of (i) the 120th day of delinquency or (ii) at least 30 calendar days have passed since the date the servicer sent the borrower an Incomplete Information Notice (or any subsequent request for additional information required to complete a Loss Mitigation Application), and provided the borrower’s application remains incomplete on the date of referral. This Supplemental Directive further amends (i) of this guidance to “after the 120th day of delinquency”. In addition, conforming changes have been made to the same sentence in Section 3.1 of Chapter III and Section 5 of Chapter IV to reflect the amended guidance.
- All references to “HUD-1” and “HUD-1 Settlement Statement” have been changed to “HUD-1 or Closing Disclosure, as applicable”.

**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 2.2 of Chapter I is amended to insert the following in its entirety as the 25th bullet:

- *Documentation evidencing that at least one of the circumstances in Section 3.1.1 of Chapter II was met prior to a foreclosure referral and prior to conducting a foreclosure sale.*

B. Section 1.1.1 of Chapter II is amended as follows:

Program cut-off date	The borrower has submitted an Initial Package (as defined in Section 4) on or before December 31, 2015 2016 and the Modification Effective Date is on or before September 30, 2016 2017.
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C. The last paragraph of Section 2.3 of Chapter II is amended as follows:

When a servicer has had contact with a borrower in connection with HAMP but is not in receipt of the Initial Package by December 31, ~~2015~~2016 or has determined it will be unable to complete a permanent modification such that the Modification Effective Date is on or before September 30, ~~2016~~2017, the servicer must send a Borrower Notice informing the borrower that he or she cannot be considered for HAMP and provide information about other loss mitigation options.

D. The last paragraph of Section 3.1.1 of Chapter II (as amended by Supplemental Directive 15-02) is amended as follows:

In addition, if the borrower submits an incomplete Loss Mitigation Application, the servicer may not refer the loan to foreclosure unless and until the later of (i) *after* the 120th day of delinquency or (ii) at least 30 calendar days have passed since the date the servicer sent the borrower an Incomplete Information Notice as required under Section 4.5 (or any subsequent request for additional information required to complete a Loss Mitigation Application), and provided the borrower's Loss Mitigation Application remains incomplete on the date of referral.

E. Section 9.8 of Chapter II (as provided in Supplemental Directive 14-05) is amended to insert the following in its entirety as the second paragraph:

The Home Affordable Modification Trial Period Plan Notice and Home Affordable Modification Agreement Cover Letter were revised to reflect the enhanced incentive compensation and made available on www.HMPAdmin.com in March 2015. Servicers who are not currently using the updated HAMP documents must implement use of these updated documents, or substantially similar written communications updated to reflect the enhanced incentive, no later than September 1, 2015.

F. Section 11.6.1 of Chapter II is amended as follows:

Servicers that are required to provide monthly summary-level data to the Program Administrator via the HAMP Monthly Servicer Survey ~~must~~ *may be required to* include weekly summary-level data for all Escalated Cases. The data must be accurate, complete, and in agreement with the servicer's records, are subject to review by MHA-C, and may be included in public reports made available by Treasury. *Treasury will notify servicers if and when such data is required.*

G. Section 2.1 of Chapter III is amended as follows:

Program cut-off date	The borrower has submitted a request (phone, mail, fax or e-mail) for UP on or before December 31, 2015 2016. 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.
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H. The second paragraph of Section 3.1 of Chapter III is amended as follows:

In addition, if the borrower submits an incomplete Loss Mitigation Application (as defined in Section 4 of Chapter II), the servicer may not refer the loan to foreclosure unless and until the later of (i) *after* the 120th day of delinquency or (ii) at least 30 calendar days have passed since the date the servicer sent the borrower an Incomplete Information Notice as required under Section 4.5 of Chapter II (*or any subsequent request for additional information required to complete a Loss Mitigation Application*), and provided the borrower's Loss Mitigation Application remains incomplete on the date of referral.

I. The third sentence of the first paragraph of Section 4.1 of Chapter III is amended as follows:

Evidence of borrower submission must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower on or before December 31, ~~2015~~2016.

J. The last paragraph of Section 5.2 of Chapter III is amended as follows:

While servicers must consider borrowers for UP eligibility through the December 31, ~~2015~~2016 program cut-off date, borrowers in UP who do not meet the HAMP, 2MP or HAFA program cut-off dates described in the respective Chapters II, IV and V of this Handbook will not be eligible for those programs and, upon re-employment or the expiration of the UP forbearance period, must be considered for other available loss mitigation options.

K. Section 2 of Chapter IV is amended as follows:

Program cut-off date	The borrower has submitted a request (phone, mail, fax or e-mail) 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 2016 and the transaction closing date is on or before September 30, 2016 2017. 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.
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L. The last paragraph of Section 3.2 of Chapter IV is amended as follows:

Each servicer must keep the information in its HAFA Matrix up to date, including any changes in the servicer's HAFA Policy. *To the extent that a servicer has established an aggregate cap on the amount of sale proceeds paid to subordinate lien holders (as described above and in Section 6.2.4.2), the servicer must immediately update its HAFA Matrix to describe such cap.* If the web address where its HAFA Matrix can be located is going to be changed, a servicer is required to notify the Program Administrator of the new web address five business days prior to the change and provide a re-direct from the old web address to the new web address.

M. The fifth paragraph of Section 3.3 of Chapter IV is amended as follows:

In all cases, evidence of a borrower's request must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower on or before December 31, ~~2015~~2016.

N. The last paragraph of Section 5 of Chapter IV is amended as follows:

In addition, if the borrower submits an incomplete Loss Mitigation Application (as defined in Section 4 of Chapter II), the servicer may not refer the loan to foreclosure unless and until the later of (i) *after* the 120th day of delinquency or (ii) at least 30 calendar days have passed since the date the servicer sent the borrower an Incomplete Information Notice as required under Section 4.5 of Chapter II (*or any subsequent request for additional information required to complete a Loss Mitigation Application*), and provided the borrower's Loss Mitigation Application remains incomplete on the date of referral.

O. Section 6.2.5 of Chapter IV is amended to insert the following in its entirety as the third paragraph:

The Non-Owner Occupant Certification, Short Sale Notice (SSN) and DIL Agreement were revised to reflect the increased relocation assistance for all HAFA transactions closing on or after February 1, 2015 and made available on www.HMPadmin.com in March 2015. Effective May 21, 2015, servicers must notify borrowers who request consideration under HAFA, or who are subject to a SSN or DIL notice or agreement that has not terminated or expired, of the increased relocation assistance for which such borrowers may be eligible. Servicers must document in the servicing system and/or mortgage file that the borrower has been notified. Servicers who are not currently using the updated HAFA documents must implement use of these updated documents, or substantially similar written communications updated to reflect the increased incentive, no later than September 1, 2015.

P. The second paragraph of Section 8 of Chapter IV is amended as follows:

When considering a borrower's request for approval of an executed sales contract, the servicer must determine the borrower's eligibility as set forth in Section 6.1.1. If the borrower appears to be eligible for HAMP, the servicer must notify the borrower of the availability of HAMP as set forth in Section 4. Evidence of the borrower's request must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower on or before December 31, ~~2015~~2016.

Q. Section 3.1 of Chapter V is amended as follows:

Program cut-off date	The servicer must receive notification of a match with a permanent first lien modification under HAMP, or a GSE Standard Modification that satisfies the HAMP 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 and the 2MP Modification Effective Date is on or before September 30, 2016 2017. Servicers may reasonably conclude that when a first lien appears on the LPS <i>Black Knight</i> match file as permanently modified it satisfies such eligibility criteria.
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R. The last sentence of Section 2.1 of Chapter VI is amended as follows:

In addition to any guidance provided by FHA, to be eligible for incentive compensation under Treasury FHA-HAMP, the first lien mortgage loan must have been originated on or before January 1, 2009 and a written request for modification assistance must be made by the borrower on or before December 31, ~~2015~~2016⁵ and the effective date of the permanent modification must be on or before September 30, ~~2016~~2017.

S. The last sentence of Section 2.2 of Chapter VI is amended as follows:

In addition to any guidance provided by RHS, to be eligible for incentive compensation under RD-HAMP, all borrowers must execute a Hardship Affidavit (as described in Section 4.1.1 of Chapter II), the first lien mortgage loan must have been originated on or before January 1, 2009, and a request for modification assistance must be postmarked on or before December 31, ~~2015~~ 2016⁶ and the effective date of the permanent modification must be on or before September 30, ~~2016~~2017.

T. Footnotes 5 and 6 of Section 2 of Chapter VI are amended as follows:

⁵ Evidence of borrower submission must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower on or before December 31, ~~2015~~2016.

⁶ Evidence of borrower submission must be provided by postmark or other independent indicator such as a date and time stamp (electronic or otherwise) evidencing submission by the borrower on or before December 31, ~~2015~~2016.

U. The last sentence of Section 1 of Chapter VII is amended as follows:

FHA2LP became effective on September 27, 2010; *and expired on December 31, 2013.*