

Supplemental Directive 15-05***June 1, 2015******Making Home Affordable[®] Program – Handbook for Servicers Version 4.5 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 in a series of Supplemental Directives, frequently asked questions (FAQs) and waivers.

In this Supplemental Directive, Treasury is issuing Version 4.5 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). In addition, certain provisions of the *Handbook* may apply with respect to certain mortgage loans owned, securitized or guaranteed by Fannie Mae and Freddie Mac (each, a GSE), as noted therein. Servicers of mortgage loans owned, securitized or guaranteed by a GSE should also refer to any relevant guidance issued by the applicable GSE. In addition to the applicable guidance in the *Handbook*, servicers of mortgage loans insured or guaranteed by a federal agency, such as the Federal Housing Administration or Rural Housing Service, should refer to any relevant guidance issued by the applicable agency.

Issuance of Version 4.5 of the *Handbook*

Generally, Version 4.5 of the *Handbook* includes revisions to existing sections of Version 4.4 of the *Handbook* that have been issued in Supplemental Directives with effective dates after the publication of Version 4.4 of the *Handbook* and as of the date of this Supplemental Directive.

Version 4.5 of the *Handbook* incorporates and supersedes in their entirety Supplemental Directives 14-01, 14-02, 14-03, 14-04, 14-05, 15-01, 15-02 and 15-04.

The *Handbook* will be updated periodically with new policy or procedural changes as they are announced. To the extent that any Supplemental Directive, FAQ or waiver has not been incorporated into and superseded by the *Handbook*, it continues to apply, and any references in such documents to guidance that has been incorporated into the *Handbook* are deemed to refer to the applicable Chapter and Section of the *Handbook* containing such guidance.

The *Handbook* is available on www.HMPadmin.com.

Administrative Clarifications Incorporated into Version 4.5 of the Handbook

In addition, Version 4.5 of the *Handbook* incorporates clean-up items and clarifications into several sections of Version 4.4 of the *Handbook*. These items are effective immediately and include the following:

Program Participation Caps

As described in Section 1.5 of Chapter I of the *Handbook*, the amount of funds available to pay servicer, borrower and investor compensation in connection with each servicer's Services are capped pursuant to each servicer's SPA and pursuant to this Handbook (Program Participation Cap). Treasury publicly reports all adjustments to the Program Participation Caps of participating servicers in its TARP Housing Transactions Report. The TARP Housing Transactions Report is published at <http://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Housing-Transaction-Reports.aspx>, and will be accessible via www.HMPAdmin.com. The Program Administrator will continue to promptly inform servicers when their Program Participation Cap has been adjusted and, beginning in July 2015, will direct servicers to the most recent TARP Housing Transactions Report to obtain their current adjusted Program Participation Cap. Servicers should contact the Program Administrator if they have questions about how to obtain their adjusted Program Participation Cap.

Model Notice of Recast Offer

Supplemental Directive 14-05 required servicers to offer to recast an eligible HAMP Tier 1 borrower's unpaid principal balance over the remaining term of the loan and provided that servicers may also extend the offer to eligible Tier 2 borrowers. The Supplemental Directive also stated what information must be provided in the recast notice. A model notice is now available on www.HMPAdmin.com. Servicers are encouraged, but not required, to use the model notice when offering to recast an eligible HAMP borrower's mortgage loan. In addition, this notice need not be a separate notice and may be included with or incorporated into another notice sent to the borrower, such as the notice of interest rate step-ups required under Section 9.7 of Chapter II of the *Handbook*.

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. The second paragraph of Section 1.5 of Chapter I is revised as follows:

The Servicer Cap Model is intended to adjust a servicer's Program Participation Cap pursuant to a non-discretionary model, which will, in general, re-allocate Program Participation Cap amounts among servicers depending on their effectiveness at performing Services. The aggregate amount of all Program Participation Caps will not increase at any time. The Servicer Cap Model is described below. The Servicer Cap Model will initially be calculated (Cap Determination Date.) on a quarterly basis; however, Treasury may increase the frequency of calculation at any time. ~~Upon each calculation of the Servicer Cap Model by Treasury, each participating servicer will promptly be notified of its new Program Participation Cap.~~ *Treasury publicly reports all adjustments to the Program Participation Caps of participating servicers in its TARP Housing Transactions Report. The TARP Housing Transactions Report is published at <http://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Housing-Transaction-Reports.aspx>, and will be accessible via www.HMPAdmin.com. The Program Administrator will promptly inform servicers when their Program Participation Cap has been adjusted and, beginning in July 2015, will direct servicers to the most recent TARP Housing Transactions Report to obtain their current adjusted Program Participation Cap. Servicers should contact the Program Administrator if they have questions about how to obtain their adjusted Program Participation Cap.*

B. Section 13.2.3 of Chapter II (as provided in Supplemental Directive 14-05) is revised to insert the following as a new fourth paragraph:

A model notice of the recast offer is available on www.HMPAdmin.com. Servicers are encouraged, but not required, to use the model notice when offering to recast an eligible HAMP borrower's mortgage loan. In addition, this notice need not be a separate notice and may be included with or incorporated into another notice sent to the borrower, such as the notice of interest rate step-ups required under Section 9.7 of Chapter II of the Handbook.