

*Supplemental Directive 16-04*

*May 26, 2016*

***Making Home Affordable® Program – Handbook for Servicers Version 5.1***

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 5.1 of the Making Home Affordable Program Handbook for Servicers of Non-GSE Mortgages (*Handbook*), a consolidated resource for guidance related to the MHA Program for mortgage loans that are not owned, 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 5.1 of the *Handbook***

Generally, Version 5.1 of the *Handbook* includes revisions to existing sections of Version 5.0 of the *Handbook* that have been issued in Supplemental Directives with effective dates after the publication of Version 5.0 of the *Handbook* and as of the date of this Supplemental Directive.

Version 5.1 of the *Handbook* incorporates and supersedes in their entirety Supplemental Directives 16-01, 16-02, and 16-03.

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 To the extent that any Supplemental Directive, FAQ or waiver has not been incorporated into and superseded by the *Handbook*, it continues to apply, and any references in such documents to guidance that has been incorporated into the *Handbook* are deemed to refer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](http://www.HMPadmin.com).

*Handbook Mapping Clean-Up and Clarifications*

Version 5.1 of the Handbook also incorporates minor clean-up items and clarifications, as shown in the mapping attached hereto as Exhibit A.

**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 last paragraph of Section 1.6 of Chapter 1 (as provided in Supplemental Directive 16-03) is amended as follows:**

~~For the sake of clarity~~ Furthermore, where a provision under the Handbook is removed or modified with effect from a date or in particular circumstances, servicers should refer to applicable law and their own policies and procedures as regards any requirements or guidance that may be applicable upon such removal or modification under the Handbook.

**B. The first two sentences of the sixth paragraph of Section 4.1.1 of Chapter V (as provided in Supplemental Directive 16-03) are amended as follows:**

Servicers of GSE loans are not required to provide data on GSE Standard Modifications directly to Black Knight, 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 Black Knight match file, it satisfies the eligibility criteria in Sections *1 and 3.1* of this Chapter ~~and in Section 4~~, the second paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.4 of Chapter II; except that servicers must obtain a completed 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.

**C. The last sentence of the third paragraph of Section 4.1.2 of Chapter V (as provided in Supplemental Directive 16-03) is amended as follows:**

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 Sections *1 and 3.1* of this Chapter ~~and in Section 4~~, the second paragraph of Section 6.1 (at the Expanded Acceptable DTI Range) and Section 6.3.4 of Chapter II, and the 2MP servicer must obtain a completed Occupancy Certification from the borrower(s) regardless of whether the borrower occupies the property as their principal residence or it is a rental property.

**D. Section 10.1.3 of Chapter V (as provided in Supplemental Directive 16-03) is amended as follows:**

For second liens that are extinguished in their entirety under 2MP or for second liens where a portion of the principal is extinguished in conjunction with a modification under 2MP, the 2MP

servicer must follow all applicable laws and credit bureau requirements as provided by the CDIA  
*from time to time.*