

Home Affordable Unemployment Program
An Overview for Servicers of Non-GSE Loans

Description	<p>The Home Affordable Unemployment Program (UP) is a supplemental program to the Home Affordable Modification Program (HAMP) which provides assistance to unemployed borrowers. The Unemployment Program grants qualified unemployed borrowers a forbearance period which reduces or suspends their monthly mortgage payment.</p> <p>The program is effective for participating HAMP servicers on July 1, 2010, however servicers may begin to offer UP earlier.</p>
Eligibility	<p>Servicers are required to offer UP when the following criteria is met:</p> <ul style="list-style-type: none"> • Loan is a first lien mortgage, originated on or before January 1, 2009, secured by a one- to four unit property, one unit of which is the borrower's principal residence and the unpaid principal balance (UPB) is equal to or less than \$729,750 on one unit properties; see Supplemental Directive 09-01 for amounts on two to four unit dwellings. • Loan has not been previously modified under HAMP and the borrower has not previously received a UP forbearance period. • Borrower is unemployed at the date of the request for UP and is able to document that they will receive unemployment benefits or have been receiving unemployment benefits at commencement of the forbearance plan. • Servicers have the discretion whether or not to require a borrower to have received unemployment benefits for up to three months before commencement of the forbearance plan. • Borrower is either delinquent but has not missed more than three consecutive monthly payments or default is reasonably foreseeable. <p>It is at the servicer's discretion whether to offer UP if a borrower's total monthly mortgage payment is less than 31 percent of the borrower's monthly gross income.</p>
Terms	<p>The UP forbearance period is three months, however it can be extended in accordance with investor and regulatory guidelines.</p> <p>The monthly payment must be reduced to 31 percent (or less) of the borrower's gross monthly income. At the discretion of the servicer, monthly mortgage payments may be suspended in full. Payment amount and due date, if any, is established by the servicer according to investor and regulator guidelines.</p> <p>Servicers are prohibited from initiating foreclosure action or conducting a foreclosure sale while the borrower is being evaluated for UP, after the Foreclosure Plan Notice is mailed, during the UP forbearance or extension, and while the borrower is being evaluated for or participating in HAMP or HAFA following the UP forbearance period.</p>
Reporting Requirements	<p>To Treasury: Servicers will provide monthly summary level data regarding UP forbearance plans. Loan level reporting will be required only when a borrower exits from a HAMP Trial to UP and when a borrower transitions from an UP to a HAMP Trial.</p> <p>To Credit Bureaus: The servicer should continue to report a "full-file" credit report to each major credit repository.</p>
Incentives	<p>There are no incentives associated with UP for the servicer at this time.</p>
Costs	<p>There is no cost to the borrower for applying to UP, however, late charges may accrue while the servicer is determining borrower eligibility for UP and during the UP forbearance period.</p> <p>A servicer must not collect late charges from the borrower during the UP forbearance period.</p> <p align="right">Continued on next page...</p>

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Implementation

Step 1.

Determine whether the borrower is eligible. In all cases, ineligible borrowers must be considered for HAMP.

If borrower . . .
is in a HAMP trial period:
<ul style="list-style-type: none"> ✓ Borrower may request UP if they missed less than three consecutive payments prior to the HAMP trial period. ✓ Borrower is not required to convert to UP. ✓ Cancel the HAMP trial period if the borrower enters an UP forbearance plan.
is in a permanent HAMP modification, borrower is not eligible for UP.
is not in a trial or permanent HAMP modification, borrower must be offered an UP forbearance plan before being considered for HAMP.
was previously ineligible for a HAMP modification, borrower may request UP.

Step 2.

If the borrower is eligible for UP

Within 10 business days, the servicer mails the Forbearance Plan Notice (FPN) to the borrower to include:

- Duration, the effective date, and expiration date of the forbearance plan
 The UP Forbearance Period Effective Date is dependent on when the servicer mails the notice. If after the 15th day of a calendar month, use the first day of the month after the next month as the effective date. If sent prior to the 15th, the first day of the next month is the effective date.
- Payment amount (if applicable)
 Reduced payment must be received on or before the last day of the month in which it is due or else the forbearance plan may be canceled and the borrower will not be eligible for HAMP.
- Explanation regarding what will occur when the borrower is re-employed or when the forbearance period expires.
 At the earlier of re-employment or 30 days prior to expiration of the UP forbearance period, evaluate the borrower for HAMP. The forbearance period may be extended to allow the borrower time to submit proper documentation.

Borrowers are not required to return the FPN, however they may be required to sign and return a written forbearance agreement depending on investor guidelines.

If borrower receives a HAMP offer following an UP forbearance period, a new HAMP trial period must be completed.

When re-evaluating a borrower for HAMP, the borrower will be required to submit a complete and updated Request for Modification and Affidavit (RMA) and income documentation. The IRS form 4506T-EZ may be required in certain circumstances. Any missed payments prior to and during the UP forbearance should be capitalized.

If the borrower is ineligible for UP

Within 10 business days, transmit a non-approval notice that includes the primary reason for not qualifying and list foreclosure alternatives including modification, short sale, and deed-in-lieu.