



Making Home Affordable (MHA)
Program Update
September 21, 2016

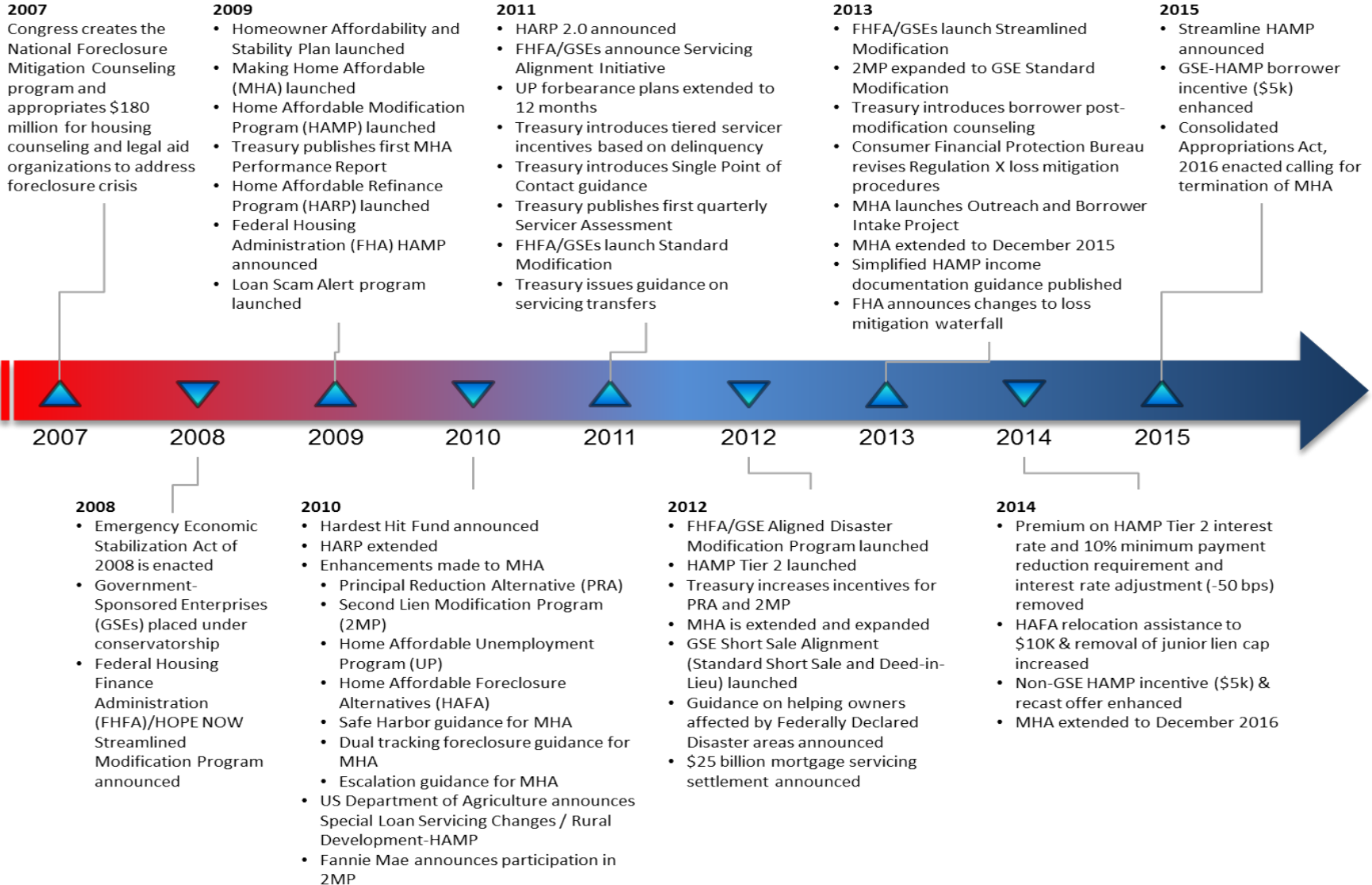


MHA Highlights

- MHA has helped more than **1.8 million families**.
- HAMP set standards for how modifications should be done
 - Contributed to more than **10 million** modifications and loss mitigation interventions.
- HAMP homeowners saved approximately **\$41 billion** to date in monthly mortgage payments.
- HAMP standards result in **better performance and sustainability** of the modification.

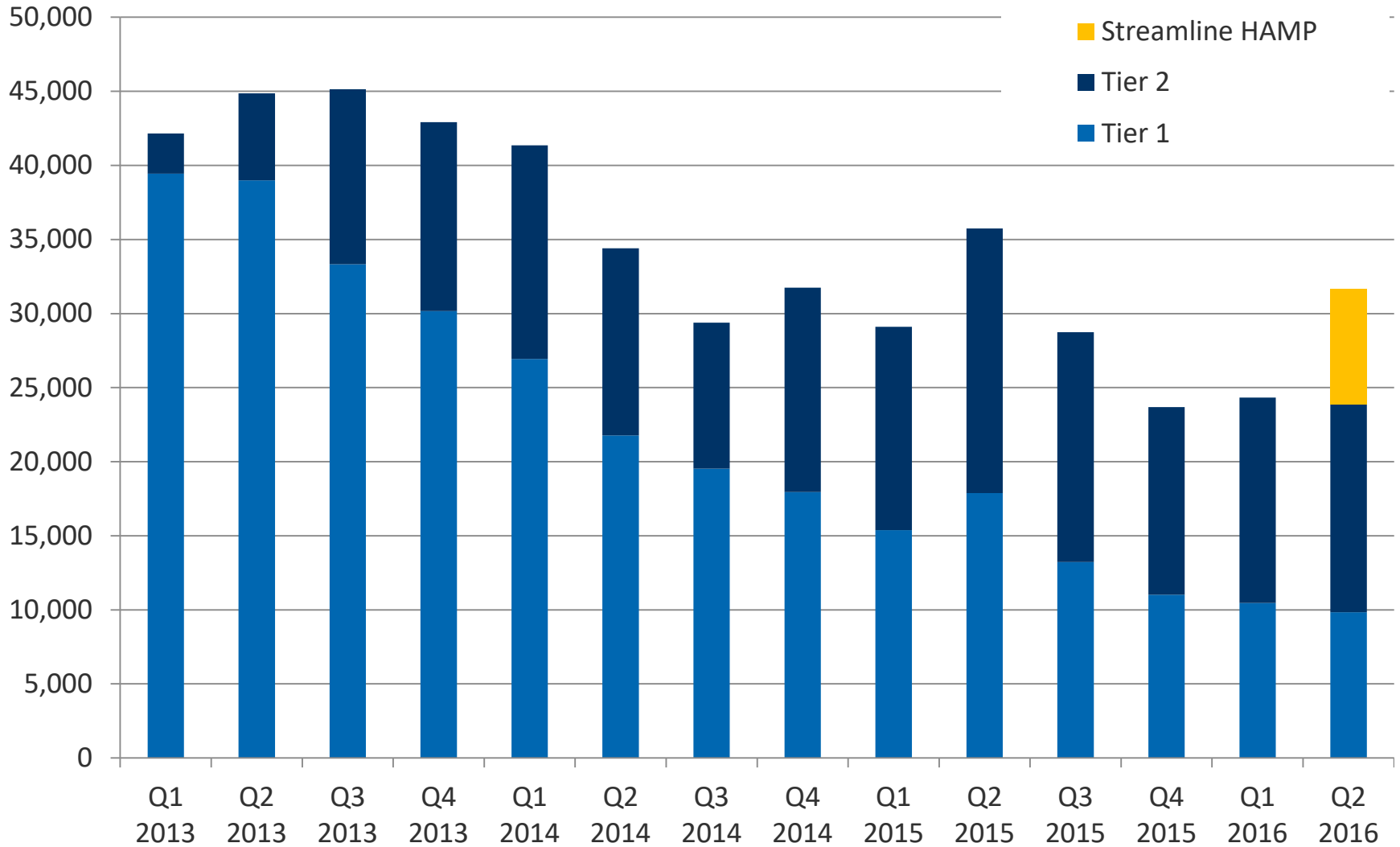


Timeline of Crisis-Era Housing Program Developments



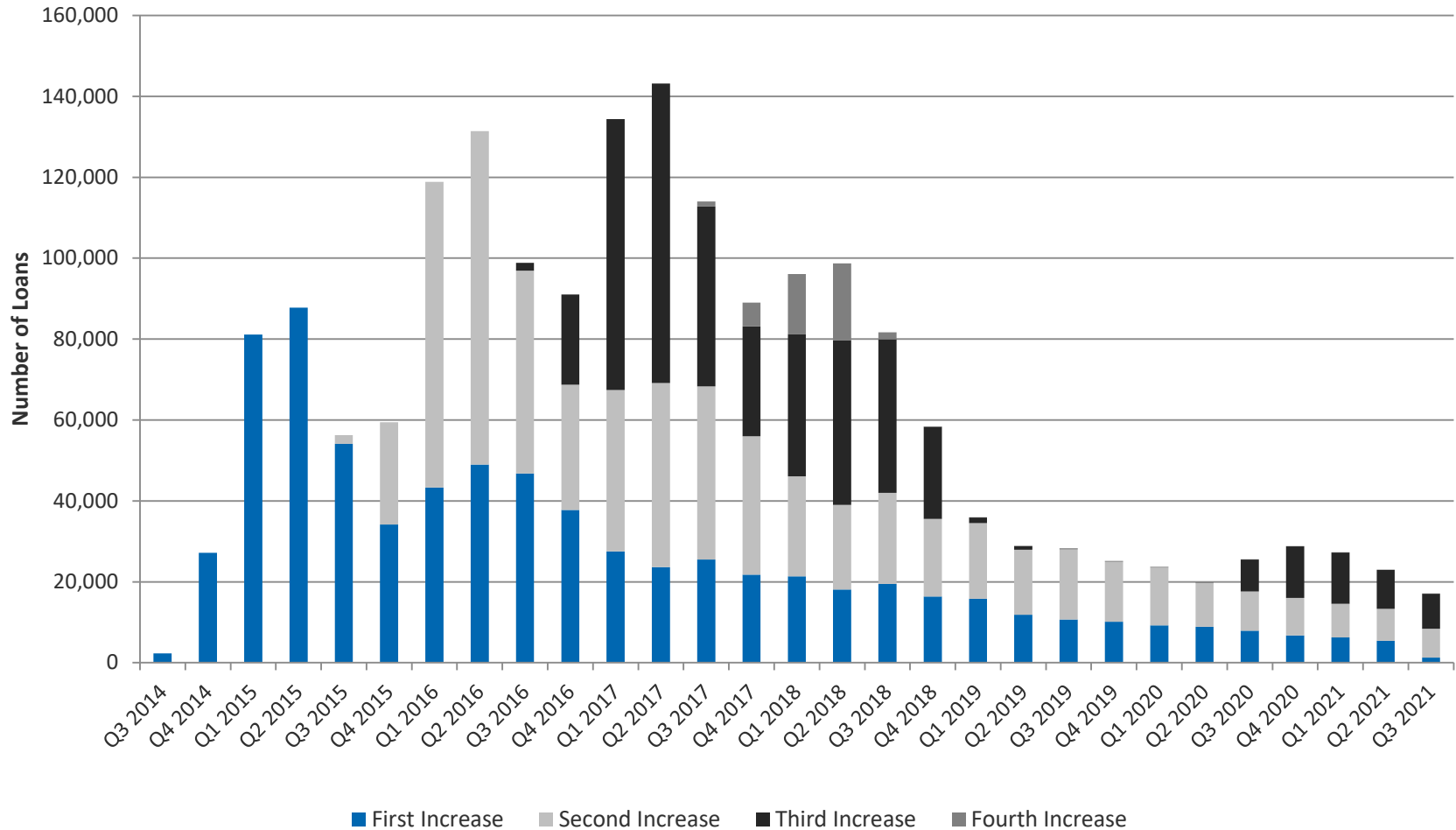


HAMP Permanent Modification Volume





HAMP Interest Rate Step-Ups: Number by Quarter*



* As of June 2016. Assumes no future re-defaults of HAMP Tier 1 modifications.



MHA Sunset Milestones

- The Consolidated Appropriations Act of 2016 requires termination of MHA programs on **December 31, 2016**, with an exception for certain applications made before that date.
 - Guidance issued **March 3, 2016** (Supplemental Directive 16-02) covering the program end dates and requirements around consideration or evaluation of homeowners who request assistance prior to end date.
 - Additional guidance issued **May 2, 2016** (Supplemental Directive 16-03) covering other key program components (SPOC, escalations, post modification counseling, etc.).
 - Majority of **guidance will remain in effect through 2017** or longer.



MHA Wind Down Details

HAMP

Initial Package must be received on or before December 30, 2016 to be eligible for consideration in 2017.

Must have permanent mod effective date on or before December 1, 2017.

HAFA

Short Sale or deed-in-lieu transaction must be **approved on or before December 30, 2016.**

Approved sales contract or a pre-approval to list the property.

Closing must occur on or before December 1, 2017 to be eligible for HAFA incentives

UP

Forbearance Plan must be **approved on or before December 30, 2016.**

Effective **May 1, 2016**, servicers may begin to offer proprietary forbearance plans ahead of UP

2MP

HAMP: Initial Package must be received on or before December 30, 2016 to be eligible for consideration in 2017.

GSE HAMP: Complete loan modification application must be received on or before December 30, 2016.

Servicer must receive notification of the 1st lien match on or before March 30, 2017. Any partial or full extinguishment of 2nd lien must be on or before December 1, 2017.

Transition period begins in September 2016 where servicers will no longer be required to follow specific HAMP requirements related to solicitation of borrowers.



HAMP – Eligibility and Cut-Off Dates

HAMP

Initial Package must be received on or before **December 30, 2016** to be eligible for consideration in 2017.

Must have permanent modification effective date on or before December 1, 2017.



HAMP Tier 1 and Tier 2: Borrower must submit an Initial Package* on or before **December 30, 2016** in order to be considered for HAMP Tier 1 or Tier 2.



Streamline HAMP: Servicers should continue to make offers as provided in the MHA Handbook **through December 30, 2016**. For offers on or after December 31, 2016, borrowers must have submitted at least one component of the Loss Mitigation Application or requested assistance that is documented by the servicer on or before **December 30, 2016** for which the servicer has not sent a Non-Approval Notice.



HAMP Tier 1, 2 and Streamline HAMP: Modification Effective Date must be on or before **December 1, 2017**.

* Initial Package: Request for Mortgage Assistance (RMA), Dodd Frank Certification, 4506-T or 4506-T-EZ and evidence of income.



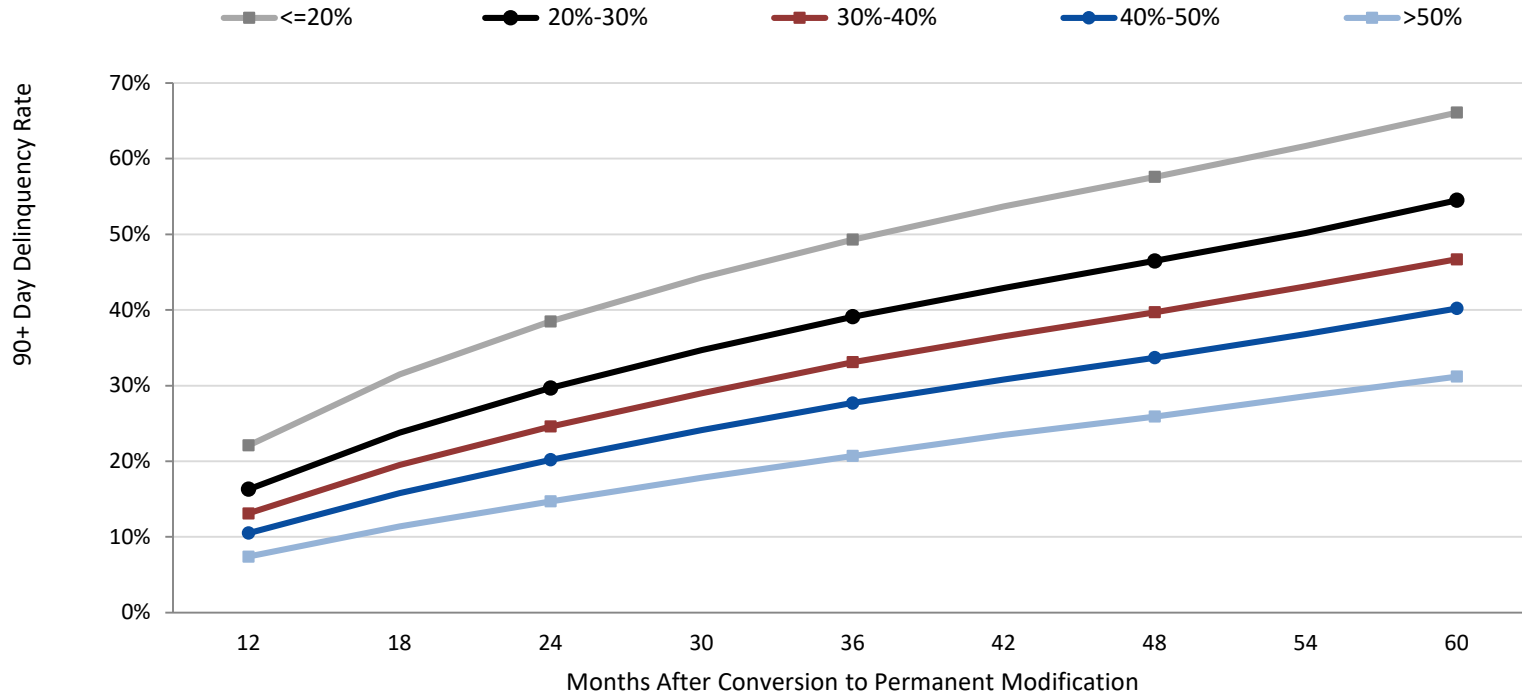
MHA Key Takeaways

- **Payment Reduction** – amount of payment reduction has a significant impact on performance.
- **Principal Reduction** – particularly for underwater homeowners, can help achieve payment reduction. From HAMP PRA, we have learned that loans receiving principal reduction **perform better after 36 months** than loans without principal reduction.
- **Delinquency at Time of Modification** – performance of the modification is influenced by the length of delinquency of the loan at time of modification.
- **Robust Infrastructure and Processes are Important** – for both servicers and homeowners – many of the **key “process” points introduced by HAMP** (single point of contact, defined protocols to reach out to delinquent borrowers, protections against dual tracking foreclosure, escalation process, etc.) have been adopted by the industry and the CFPB.
- **Look Holistically at the Borrower’s Situation** – the tools you use will vary with the situation. Is the borrower underwater? Do they have a second lien? How long could hardship last?



MHA Key Takeaways: Payment Reduction

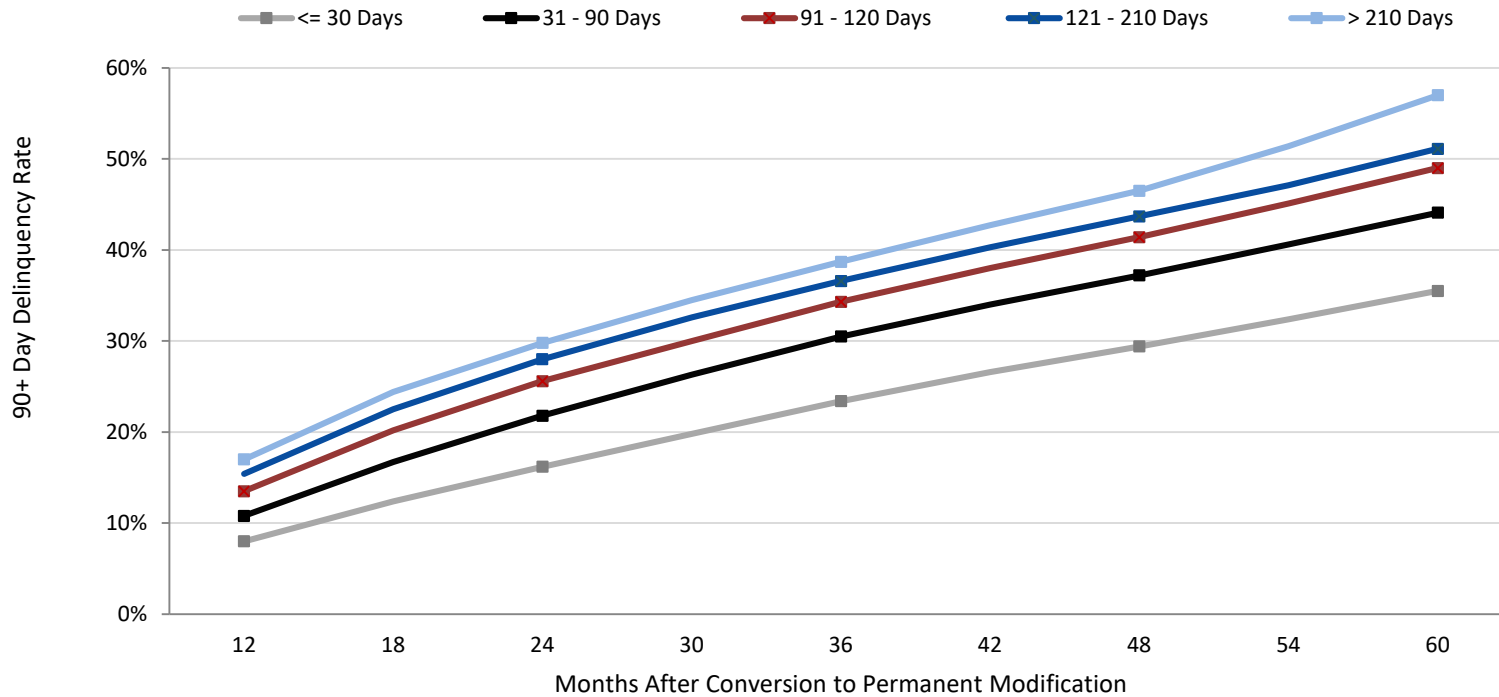
IMPACT OF **PAYMENT REDUCTION** (AS A PERCENTAGE OF THE ORIGINAL PAYMENT) ON DELINQUENCY RATES ACROSS 12-60 MONTH VINTAGES (GSE HAMP AND HAMP TIER 1).





MHA Key Takeaways: Early Engagement of Homeowners

IMPACT OF **DELINQUENCY STAGE PRIOR TO MODIFICATION** (IN DAYS) ON POST-MODIFICATION DELINQUENCY RATES AFTER MODIFICATION ACROSS 12-60 MONTH VINTAGES (GSE HAMP AND HAMP TIER 1).



The “Life After HAMP” Initiative



GUIDING PRINCIPLES FOR THE FUTURE OF LOSS MITIGATION:

HOW THE LESSONS LEARNED FROM THE FINANCIAL CRISIS CAN INFLUENCE THE PATH FORWARD

July 25, 2016

- Joint white paper issued in July by Treasury, FHFA and HUD.
- Examines the evolution of loss mitigation programs administered by the Agencies and discusses the lessons learned from such programs.
- Provides five guiding principles to be a foundation for future loss mitigation programs
- Opportunities for continued engagement of stakeholders as future loss mitigation programs are developed.

Guiding Principles for the Future of Loss Mitigation



Balancing the five guiding principles can help maximize participation in foreclosure-avoidance efforts and reduce losses on mortgage assets, thereby creating mutually beneficial outcomes for mortgage servicers, homeowners, and investors.



Guiding Principles for the Future of Loss Mitigation: Transparency

Ensuring that the process to obtain assistance, and the terms of that assistance, are as clear and understandable as possible to homeowners, and that information about options and their utilization is available to the appropriate parties.

- **Best Practices of the Crisis-Era Programs:**
 - Publication of the requirements of the loss mitigation process and program requirements;
 - MHA.gov and other informational websites and tools (KnowYourOptions.com, CheckMyNPV.com, etc.)
 - Standardized processes and templates to promote clear communication with homeowners; and
 - Publication of performance data.
- **Sources of Information & Data:**
 - Future availability of informational websites, tools and performance data
 - Need for government or industry standard for collecting and reporting future data
 - What government agency should manage the collection of data and potential publications



MAKING HOME AFFORDABLE

