



Making Home Affordable



Home Affordable Refinance

- Purpose - Gives borrowers the opportunity to refinance into more affordable loans at today's lower rates
 - ✓ Only for borrowers with Fannie Mae or Freddie Mac loans
- Scope - An estimated 4 to 5 million borrowers are believed to be eligible



Refinance Eligibility Criteria

Borrower:

- Owns and occupies a 1-4 unit property
- Is current on the mortgage
- Has sufficient income to support the new modified payment

Loan:

- Is owned or guaranteed by Fannie Mae/Freddie Mac
- Amount of first mortgage is less than 105% of current market value
- Refinance will improve long-term affordability or sustainability



Home Affordable Modification

- Purpose - Modifies loans of qualifying at-risk borrowers to achieve affordable payments
 - ✓ Allows borrowers to keep their homes
 - ✓ Reduces impact of foreclosures on communities
- Encourages participation from all parties through use of incentives
- Scope - An estimated 3 to 4 million borrowers are eligible



Modification Eligibility Criteria

- Owner-occupant of 1-4 unit property
- Amount owed on first mortgage is equal to or less than \$729,750
- Mortgage was originated on or before January 1, 2009
- Monthly payment on first mortgage is more than 31% of borrower's gross (pre-tax) monthly income
- Borrower has a mortgage that is not affordable



Modification Process

The Servicer...

- Determines if borrower meets minimum eligibility criteria
- Obtains borrower income / expense information
 - ✓ May rely on verbal information for trial period but will need to verify before modification
- Calculates borrower's debt to income ratio
 - ✓ Based on PITIA
 - ✓ Must be greater than 31%



Modification Process

The Servicer...

- Capitalizes all outstanding debt and out of pocket expenses
- Calculates new payment at 31% of borrower's gross (pre-tax) monthly income
- Performs NPV test to determine if modification benefits investor
 - ✓ If yes, borrower enters 3-month trial modification
 - ✓ Permanent modification occurs upon success

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Modification Process

To get to 31% DTI, the servicer must...

- Reduce the interest rate to as low as 2%
- If necessary, extend the loan term to 40 years
- If necessary, defer a portion of the principal, interest-free, until the loan is paid off
- Principal forgiveness is allowed but not required

The screenshot shows the homepage of www.MakingHomeAffordable.gov. At the top, there are logos for the Department of Housing and Urban Development, the U.S. Department of Agriculture, and the U.S. Department of Veterans Affairs, along with the text "Help for America's Homeowners" and the "MAKING HOME AFFORDABLE" logo. The main heading is "www.MakingHomeAffordable.gov". Below this is a navigation bar with links: ELIGIBILITY, LOAN LOOK UP, FEED A CONTRACTOR, CONTACT YOUR MORTGAGE SERVICE, RESOURCES, and ASMO AND VIDEO. The central content area features a large banner titled "Are You Eligible?" with a sub-headline "Please use the self-assessment tools provided on this website to see if you are among the 7 to 9 million homeowners who may be able to benefit from Making Home Affordable." and a button "Find out if you are eligible". Below the banner are sections for "Learn About Making Home Affordable" with sub-sections for "Refinancing" and "Modification", and "Getting the Help You Need" with a video thumbnail. A red callout box at the bottom of the page says "Sample Home Page". On the right side, four callout boxes point to specific features: "Easy-to-Use Main Navigation for Homeowners to Quickly Find Information" (pointing to the navigation bar), "Online Self-Assessment Tools for Home Affordable Refinance & Home Affordable Modification" (pointing to the "Are You Eligible?" banner), "Informative Video for Homeowners Needing Help" (pointing to the video thumbnail), and "On the Home Page, consumers can access:" (pointing to the footer area) which lists: Spanish Content, Consumer FAQs, Helpful Links in Footer, and 888-995-HOPE. The footer of the page includes "June 2009 | Making Home Affordable" and the number "9".

Coming Attractions

In the next few weeks there will be additional help for America's homeowners:

- A modification program for second liens
- Foreclosure Alternatives when modification is not the answer
- Home Price Depreciation Protection Incentive
- Integration of FHA/VA/USDA Loans

The slide features the same header as the previous slide, including the logos and "Help for America's Homeowners" text. The footer of the slide includes "June 2009 | Making Home Affordable" and the number "10".

Second Lien Modifications - 2MP

- Separate Servicer Participation Agreement – servicers may opt in for HAMP/2MP or both
- Servicer agrees to automatically modify or extinguish 2nd lien if corresponding first lien is modified through HAMP
- 2nd lien interest reduced to 1% (amortizing) for five years – loan term extended to match first mortgage
- Year 6 rate steps up to match rate on 1st
- Payoff to extinguish ranges from 4% to 12% based on CLTV and borrower's back end DTI
- Incentives - \$500 upfront, success of up to \$250 per year, ½ cost to reduce rate

Foreclosure Alternatives – Short Sale / DIL

- Alternative to legal FC when HAMP fails (incl. negative NPV)
- Standard forms and procedures streamline complex process
- Incentives for servicer \$1,000 and borrower \$1,500
- Up to \$3,000 to pay off junior liens - \$1,000 from Treasury
- Use optional
- If used, borrower must be relieved of debt – no deficiency
- Target Roll Out – early August

Home Price Decline Protection

- Additional investor incentive to modify loans in markets where property values continue to decline
- HPD incentive
 - ✓ Fixed amount per property calculated based average price decline in prior quarters
 - ✓ Payments accrue monthly for 24 months, paid annually
- Automatic – No action required by Servicer

FHA/VA/USDA Integration

- Each Agency will soon announce variation on HAMP
- Incentives and 31% DTI are prime unifying factors
 - ✓ No investor incentives will be paid
 - ✓ Partial upfront servicer incentives
 - ✓ Pay for success incentives for borrowers and servicers under same terms as HAMP
- Challenge is finding mechanism for making payments
- H4H has greater complexities
 - ✓ \$2,500 up front incentive for current servicer
 - ✓ Pay for success incentives for new servicer

Becoming A Participating Servicer

Review program requirements and register to participate through **www.HMPadmin.com**

Must complete the following to become a participant:

- Complete HAMP registration form
- Email the registration form
- Receive confirmation of receipt

For assistance, contact setup@hmpadmin.com

HMPadmin.com provides one-stop shop for servicer registration forms, tools, and training



Guidance For Servicers: HMPadmin.com

The screenshot shows the 'Administrative Website for Servicers' for the Home Affordable Modification Program. It features a top navigation bar with links: 'About the Program', 'Become a Participating Servicer', 'Program Specifics', 'Modification Documents', and 'Support'. The main content area includes a 'Participating Servicer Login' section with a 'LOGIN NOW' button, a 'What's an Approved Participating Servicer?' section with a 'GET STARTED NOW' button, and a 'Sample Registration Page' highlighted in a red box at the bottom.

Easy-to-Use Main Navigation for Servicers to Quickly Learn about HAMP

One-Click Access to HAMP Registration Form to Initiate HAMP Participation

Easy Access to the Supplemental Directive Program Guidelines

On the Home Page, servicers can access:

- Web Training
- Servicer Participation Agreement
- FAQs
- Reporting Requirements

Incentives Balance Interests Of All Parties

Borrowers:

- No cost for modification
- Payment for success
- Incentive for second lien

Investors:

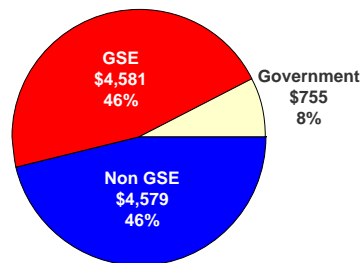
- Incentive for target ratio achieved and successful trial period

Servicers:

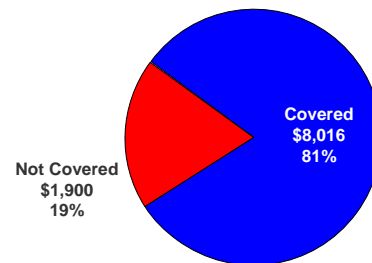
- \$1,000 after successful trial period
- Additional \$500 if borrower faced imminent default
- Incentive to reduce monthly payment by 6% or more
- Incentive for second lien

HAMP Coverage Of The Mortgage Market^{1,2}

Mortgages Outstanding (\$B)



First-Lien Mortgages Covered by HAMP (\$B)



¹ Includes Single-Family 1-4 family first lien mortgages only.

² Data as of December 2008.



Servicer Registration Statistics¹

- 490 total servicers registered with access to HMPadmin.com
- Non-GSE servicers currently participating in the program
 - Aurora Loan Services
 - Bank of America, N.A.
 - CCO Mortgage Corp.
 - Carrington Mortgage Services, LLC
 - Chase Financial LLC
 - CitiMortgage, Inc.
 - Countrywide Home Loans Servicing LP
 - First Federal Savings and Loans
 - GMAC Mortgage LLC
 - Green Tree Servicing LLC
 - Home Loan Services, Inc.
 - Nationstar Mortgage LLC
 - Ocwen Financial Corporation, Inc.
 - RG Mortgage Corp.
 - Residential Credit Solutions
 - Saxon Mortgage Services
 - Select Portfolio Servicing
 - Wells Fargo Bank, NA
 - Wescom Central Credit Union
 - Wilshire Credit Corporation
- Over 29k unique visitors to HMP admin website since launch on 4/15/09

¹ Data current as of 6/26/2009