



## Introduction to the NACA Modification & the Non-Delegated Case Submission Process

### **Servicer’s Role in Working with NACA and Borrowers Applying for a Modification:**

NACA (Neighborhood Assistance Corporation of America) counsels at-risk borrowers and submits a completed or partially complete Borrower Response Package (BRP) to the servicer. The servicer must review the case as required by the *Servicing Guide*, reaching out to borrowers to obtain any missing documentation. For a NACA Modification, the servicer must submit a non-delegated case into HSSN, and foreclosure postponements must follow the requirements of the *Servicing Guide*.

**The Loan Workout Hierarchy:** The Loan Workout Hierarchy (Hierarchy), as defined below, shall apply to all borrowers with a Fannie Mae loan whom NACA has counseled and whose loan has been submitted to a servicer by NACA. Fannie Mae will allow all servicers to refer these cases as non-delegated NACA Modifications for Fannie Mae’s review. In addition, the Hierarchy has been modified due to the retirement of HAMP. For the borrower to be eligible for a new Fannie Mae HAMP Trial Period Plan, the complete Borrower Response Package (BRP) must be submitted on or before December 30, 2016. For a BRP submitted on or after December 31, 2016 the HAMP Modification shall be removed from the Hierarchy for all new cases submitted for NACA Modification review.

1. **Workout Solution(s):** Refers to any/all workout solutions available under the *Servicing Guide*, and in this Amendment to assist a borrower in avoiding foreclosure.
2. **Hierarchy:** The order in which modification workout solutions are reviewed to help a borrower avoid foreclosure. Servicers must utilize the following hierarchy when evaluating cases where the BRP is submitted by NACA:

### **Hierarchy for Cases Submitted Through NACA as of December 31, 2016:**

#	Loans 0-2 Months Delinquent	Loans 3+ Months Delinquent
1	HAMP Modification (only on cases where Borrower submitted the complete BRP on or before December 30, 2016)	Streamlined Modification
2	NACA Modification	HAMP Modification (only on cases where Borrower submitted the complete BRP on or before December 30, 2016)
3	Any other available retention solutions that may be available under the <i>Servicing Guide</i> to help a borrower avoid foreclosure	NACA Modification
4	N/A	Any other available retention solutions that may be available under the <i>Servicing Guide</i> to help a borrower avoid foreclosure



If a borrower starts a Trial Period Plan for one of Fannie Mae's Streamlined Modifications and submits a complete BRP *after* the Trial Period Plan starts, but *prior* to the date the servicer mails the permanent Modification Agreement to the borrower, the servicer must evaluate the borrower for another modification. In these cases the servicer must follow the applicable modification evaluation requirements. The servicer must only offer a borrower another modification if the calculated modification principal and interest (P&I) payment is less than that of the estimated active Streamlined Modification P&I payment.

3. **NACA Second Look Case:** A borrower modification application that was submitted through NACA counseling and for which NACA reasonably believes a viable workout solution exists, but:
- the modification was denied by servicer because it did not meet the requirements of the *Servicing Guide*,
  - the borrower was not considered for a NACA Mod if denied for another Modification option,
  - a workout solution was not approved by servicer within 30 days of receipt of a completed BRP, and/or
  - a workout solution was submitted to and denied by Fannie Mae.

The servicer must submit all NACA Second Look cases to Fannie Mae through HSSN as non-delegated.

4. **NACA Modification (or "NACA Mod"):** Servicer should structure the modification request in HSSN and submit a non-delegated case as follows:

#	Step	Application
1	<b>Establish fixed rate</b>	Convert a non-fixed mortgage rate to a fixed rate
2	<b>Capitalize Arrearages</b>	Per <i>Servicing Guide</i> requirements
3	<b>Forbear Principal</b>	<ul style="list-style-type: none"> <li>• Forbearance – For mortgage loans with a post-modification Mark to Market Loan to Value (MTMLTV) ratio greater than 115%, forbear principal in an amount that is the lesser of:               <ul style="list-style-type: none"> <li>• an amount that would create a post-modified MTMLTV ratio of 115%, using the interest-bearing principal balance, or</li> <li>• 30% of the gross post-modified unpaid principal balance (UPB) of the mortgage loan (including capitalization of arrearages). The servicer must stop forbearing principal once the modified interest-bearing UPB results in a 115% MTMLTV ratio, or the amount of forbearance equals 30% of the post-modification UPB, whichever is first. Interest will not accrue on the deferred principal. Deferred principal is payable upon maturity of the mortgage loan modification, sale or transfer of the property, or refinance.</li> </ul> </li> </ul>



4	<b>Reduce Rate</b>	<ul style="list-style-type: none"><li>• Interest rate adjustment – Reduce the interest rate to a fixed rate that is no lower than 3%. This rate will not adjust or step-up but remain fixed for the life of the fully amortizing loan.</li><li>• Fannie Mae may consider making an exception on a borrower’s interest rate, reducing the rate to as low as 2% in certain cases where a borrower is permanently disabled and is unable to return to work. Cases to be considered for this exception must be submitted to Fannie Mae as non-delegated cases.</li></ul>
5	<b>Extend Term</b>	Extend the remaining term of the mortgage to a maximum of 480 months.

5. **HSSN Reporting:** The servicer should structure the modification request in HSSN and submit non- delegated using the following campaign identifications identified below:

Campaign ID	Trial Period
MODREG20100026	NACA Non Delegated 3 Month Trial
MODREG20100027	NACA Non Delegated 4 Month Trial

Please email the Fannie Mae NACA team with questions about the NACA Modification process, for help with the non-Delegated submission process, and/or assistance with NACA borrowers at:

[Second Look@FannieMae.com](mailto:SecondLook@FannieMae.com)