

***Servicing Guide* Announcement SVC-2013-18**

September 18, 2013

Streamlined Modification, HAMP, and 2MP Updates

This Announcement describes policy updates regarding:

- Expiration date of Streamlined Modification
- Expiration date of HAMP and 2MP
- HAMP eligibility determination based on Net Present Value (NPV) evaluation
- Annual “pay for success” HAMP and 2MP servicer incentive
- Repurchase requests

Expiration Date of Streamlined Modification

Servicing Guide, Part VII, Section 602.02: Modifying Conventional Mortgage Loans, and Servicing Guide Announcement SVC-2013-05: Streamlined Modifications, Conventional Mortgage Loan Modifications, and Outbound Communications

Fannie Mae is extending the expiration date for the Streamlined Modification program. All mortgage loans eligible for a Streamlined Modification must have a Trial Period Plan with an effective date that is on or before December 1, 2015.

Expiration Date of HAMP and 2MP

Servicing Guide, Part VII, Section 609.01: HAMP Eligibility; Section 612.01: 2MP Eligibility and Announcement SVC-2012-18: Updates to Delinquency Management and Default Prevention Requirements

Fannie Mae is extending the expiration date for both the HAMP and the Second-Lien Modification Program (2MP) programs. All mortgage loans eligible for HAMP must have a Trial Period Plan with an effective date on or before March 1, 2016. Additionally, a HAMP or 2MP mortgage loan must have a permanent modification effective date that is on or before September 1, 2016.

Fannie Mae is updating its requirements such that servicers may reasonably conclude that when a first-lien mortgage loan appears on the Lender Processing Services (LPS) match file as permanently modified, it satisfies the deadline eligibility criteria described herein.

Fannie Mae is reminding servicers when a borrower’s first-lien mortgage loan is modified under HAMP, the servicer of a Fannie Mae second-lien mortgage loan must offer the borrower a 2MP Trial Period Plan.

HAMP Eligibility Determination Based on Net Present Value (NPV) Evaluation

***Servicing Guide*, Part VII, Section 609.01: HAMP Eligibility; Section 609.02.04: NPV Test; and Section 609.02.06: Standard Mortgage Loan Modification Waterfall**

Fannie Mae is modifying its HAMP eligibility requirements with respect to the NPV model results used to evaluate mortgage loans for HAMP. Mortgage loans evaluated for HAMP and processed through the NPV model on or after January 1, 2014, are eligible only if the value of the “modification” scenario equals or exceeds the value of the “no-modification” scenario. A mortgage loan with a negative NPV result will no longer be eligible for a HAMP mortgage loan modification, if the value of the “modification” scenario is below the value of the “no-modification” scenario.

When the value of the “modification” scenario is below the value of the “no-modification” scenario, the servicer must not perform the mortgage loan modification and must explore other foreclosure prevention alternatives pursuant to Fannie Mae guidelines prior to initiating or resuming foreclosure proceedings.

Annual “Pay for Success” HAMP and 2MP Servicer Incentive

***Servicing Guide*, Part VII, Section 609.08.04: Incentive Compensation and Section 612.07.01: Servicer Incentive Compensation**

Fannie Mae is eliminating the annual “pay for success” servicer incentive fee for HAMP and 2MP mortgage loan modifications that have a modification effective date that is on or after April 1, 2014.

Repurchase Requests

***Servicing Guide*, Part I, Section 207: Repurchase or Mortgage Substitution Requirements; Part I, Section 207.01: Mortgage Loan Repurchases Requested by Fannie Mae; Part VII, Section 609.07.02: Reporting to Treasury, and Part VII, Section 612.04.04: Reporting to Treasury**

With this Announcement, Fannie Mae is updating the *Servicing Guide* reporting requirements for repurchased mortgage loans subject to a HAMP permanent mortgage loan modification or a HAMP Trial Period Plan. The responsible party (as defined in Announcement SVC-2013-12: *Servicer and Responsible Party Obligations for Bifurcated Mortgage Loans*) is now required to cancel the related record accessible through the HAMP Reporting Tool on HMPAdmin.com, in compliance with the Making Home Affordable Program Administrator’s instructions. The responsible party that is subject to a Servicer Participation Agreement (SPA) should follow the Program Administrator’s instructions in reporting on repurchased mortgage loans cancelled pursuant to this paragraph. The responsible party is also reminded that in connection with the cancellation of the record of the HAMP permanent mortgage loan modification, Fannie Mae has the right to recover all previously paid incentives

Fannie Mae is also reminding the responsible party that following the repurchase of any mortgage loan, losses are the responsibility and legal obligation of the responsible party and not Fannie Mae. Furthermore, in connection with any repurchase, the responsible party must comply with all legal obligations in connection with the mortgage loan, as modified, including any legal obligation to pay a borrower any earned “pay for performance” incentives.



Servicers should contact their Servicing Consultant, Portfolio Manager, Investor Reporting Business Analyst, or Fannie Mae's National Servicing Organization's Servicing Solutions Center at 1-888-FANNIE5 (1-888-326-6435) with any questions regarding this Announcement.

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