



When HAMP Is Not an Option

What workout options are
available to borrowers that fall
outside of HAMP?



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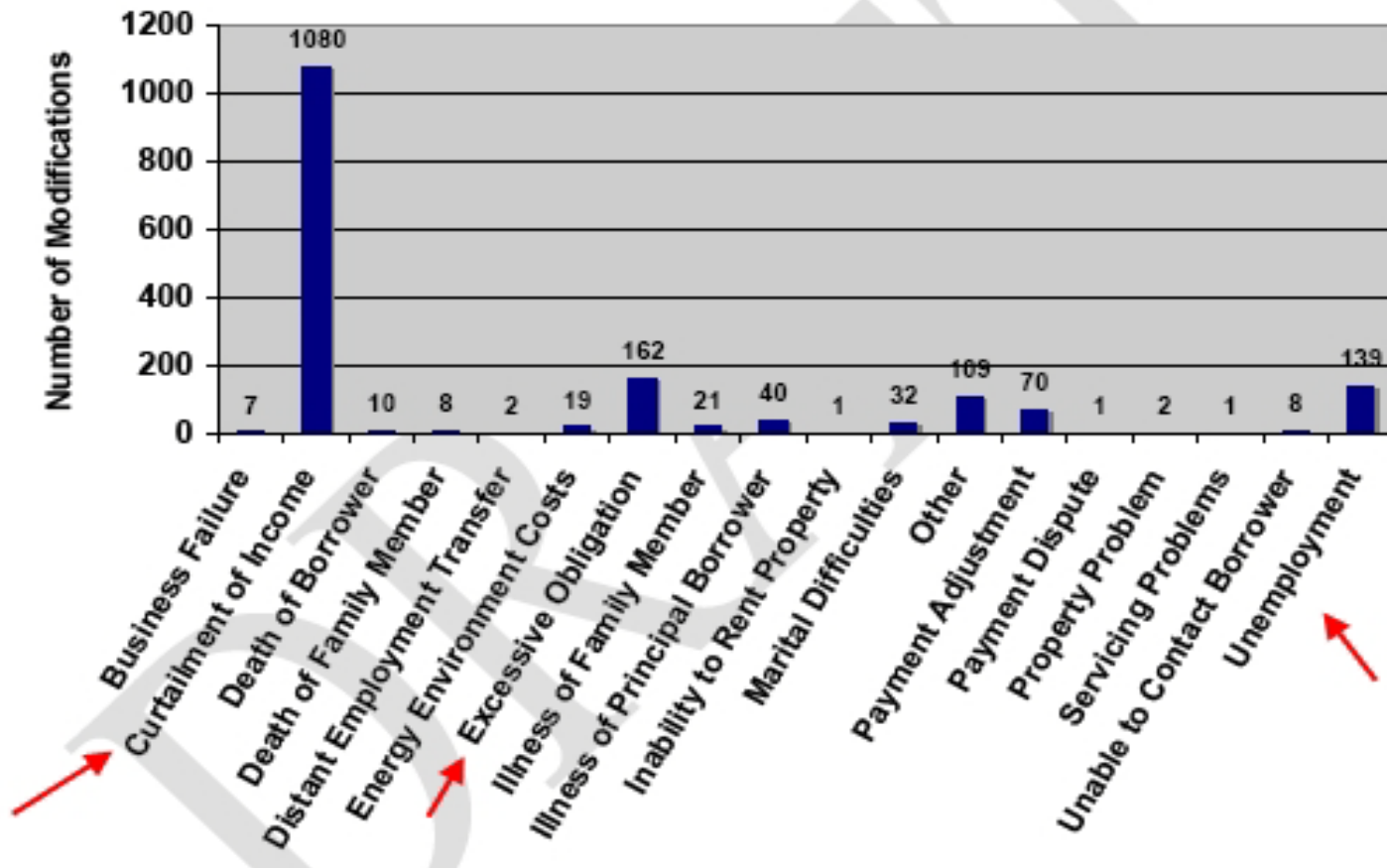


Problem loans are widespread

- The blame game is counterproductive to successful loan resolution.
- It is a financial transaction that impacts individuals in a very real way.

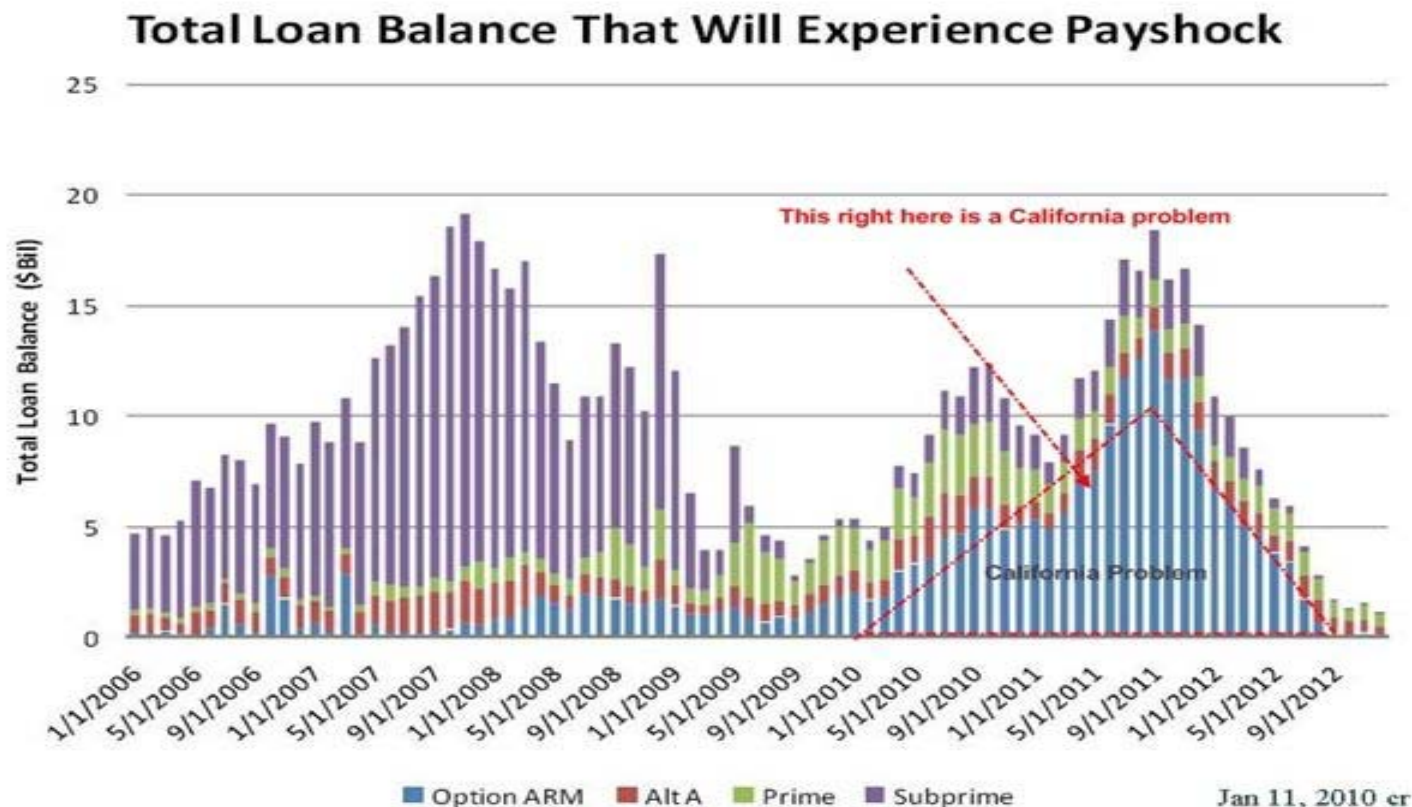
Job loss and income reduction undermine most mortgage failures

Figure XX: Hardship Reasons for Completed HAMP Modifications¹³⁰



Strap in, its going to be a bumpy ride.

Exhibit 8: Next Pay Shock On The Horizon




Source: Loan Performance, Amherst Securities



Amherst Securities Group LP

10 Million mortgages underwater at an average of \$69,700.00 per property.

Mortgages Underwater	10,700,000
Average Underwater Amount	\$69,700
Cost to Bring Underwater Mortgages to 0 Equity	\$745,790,000,000
www.doctorhousingbubble.com	
<i>Source: First CoreLogic and American Banker</i>	



HOME AFFORDABLE MODIFICATION PROGRAM (HAMP) ELIGIBILITY

- Loan originated on or before January 1, 2009
- Loan not previously modified under HAMP
- Loan delinquent or default reasonably foreseeable
- Loan secured by a one- to four-unit property
- Property is borrower's principal residence
- Property is not be vacant or condemned
- Borrower documents a financial hardship
- Borrower has a monthly mortgage payment ratio (DTI) of greater than 31 percent
- Maximum current unpaid principal balance (UPB) of loan prior to capitalization:
 - 1 Unit: \$729,750
 - 2 Units: \$934,200
 - 3 Units: \$1,129,250
 - 4 Units: \$1,403,400



Homeowner is not eligible for loan modification under the HAMP/MHA program due to variety of issues:

1. Documentation errors or issues impacting HAMP eligibility.
2. Not principal residence.
3. Exceeds loan balance limitations.
4. Employment and income issues impacting HAMP eligibility.



Oldies but Goodies

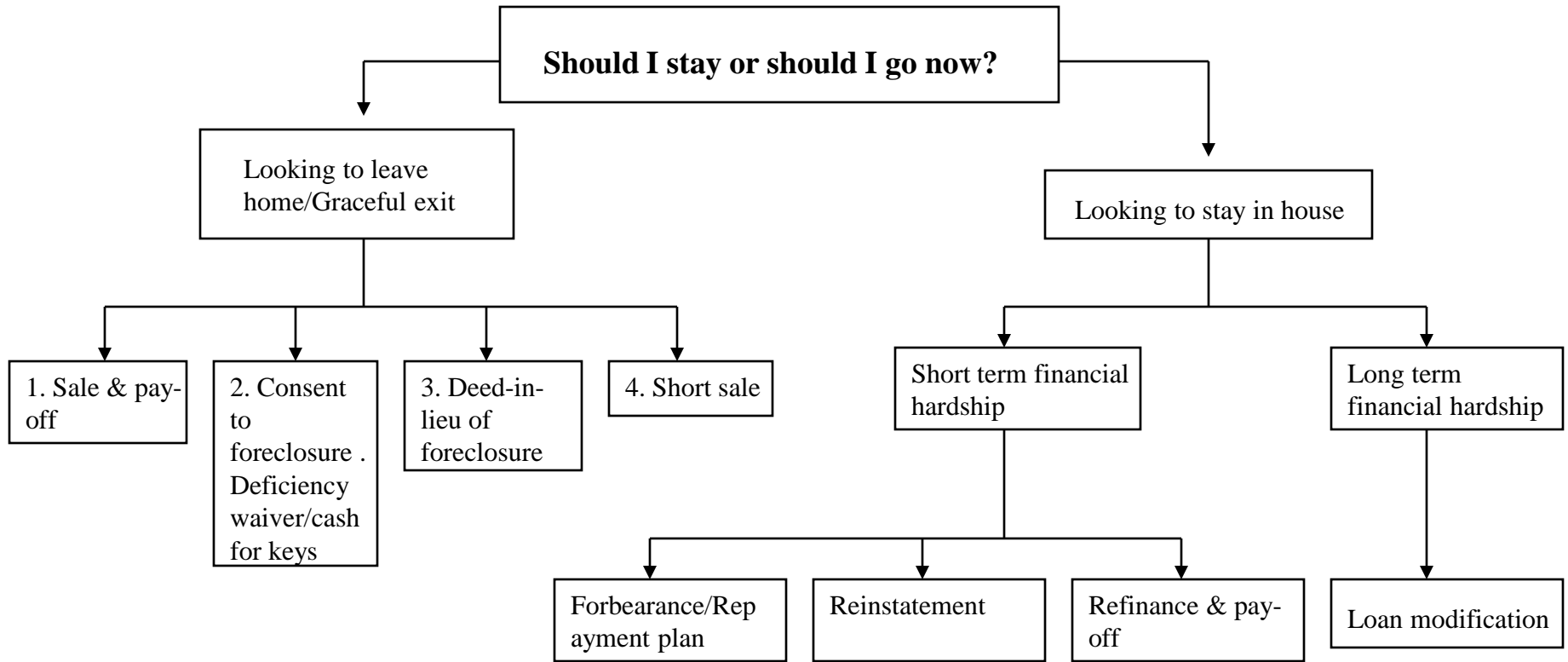
When HAMP is not an option, lenders, investors, servicers and homeowners must then turn other loan resolution options.

What workout options are available to borrowers that fall outside of HAMP?

■ Loan Resolution Options:

- Short Sales/HAFAs - Home Affordable Foreclosure Alternatives
 - Uniformity among servicers?
- Extend and Pretend
- Graceful Exit
- Consent Judgment to vacate or waive deficiency rights -2nd liens
- Deed in Lieu – Title Issues
- Lease for Deed – Compliance/Landlord-Tenant relationship
- FNMA deed for lease program
- HomeSaver Advance/Partial Claim/State Programs
- Reverse mortgage

FORECLOSURE AND LOSS MITIGATION/HOME RETENTION OPTIONS





Fannie Mae – Non-HAMP Options

- Programs and Processes
- Critical Success Factors
- HAFA Highlights

Fannie Mae – non-HAMP Options

➤ Programs and Processes

■ Retention Solutions


- Forbearance
- Repayment Plan
- Refinance
- Payment Reduction Plan
- Modification

■ Foreclosure Alternatives

- Rental Strategies
- Pre-Foreclosure Sale
- Deed-in-Lieu
- Deed for Lease (D4L)
- HAFA

■ Foreclosure

➤ Critical Success Factors



Fannie Mae – non-HAMP Options

Home Affordable Foreclosure Alternatives (HAFA)

- Becomes effective April 5, 2010
- Borrower must be evaluated for HAMP prior to HAFA consideration
 - Not Eligible for HAMP
 - Does not successfully complete Trial Period Plan
 - Defaults on HAMP Modification
 - Requests a Short Sale or Deed-in-Lieu of Foreclosure (DIL)
- Use standard processes, documents, and timeframes for completing HAFA short sale or DIL
- Incentives to Servicers
- Relocation allowances for Borrowers



Lenders and Servicers

- What workout programs are being used to accommodate non-HAMP borrowers?
- What features are critical to borrower success?
- What techniques are being used to make contact, get information and process information?

Non-HAMP Modifications

- AHMSI's underwriting standards
 - Verification documents
 - Net Spendable Income Approach
 - Establishes an affordable monthly payment by requiring a minimum monthly surplus
 - Gross Income minus Mortgage Payment minus Other Debt minus Living Expenses
- Positive result using AHMSI's NPV Model
- Waterfall similar to HAMP
 - Capitalize arrearages and third party fees
 - Interest rate reduction
 - Term extension or amortization term extension
 - Forbearance of late charges and AHMSI's fees
 - Principal Reduction

SHORT SALES

- Financial Analysis
 - Review of borrower financial information
 - Positive result using AHMSI's NPV Model
 - Determination of minimal acceptable net sales proceeds
- Maximum marketing period
- Arms-length transaction
- Allowable transaction costs



FORBEARANCE AND REPAYMENT PLANS

- Forbearance Plan
 - Anticipates end of hardship in near future
 - Requires less than full monthly payment amount for short period to permit borrower time to recover from hardship
- Repayment Plan
 - Hardship has ended
 - Requires borrower to pay an additional amount each month to eliminate arrearages and other amounts owed



Principal reductions

- GSE/Lender programs?
- Claw back provisions?
- Bankruptcy Judges?
- Other Court Action?

Law Firms and Trustees

- FDCPA (Fair Debt Collections Practices Act) and FCRA (Fair Credit reporting Act)
- How can GSE's and lenders leverage their legal network to maximize loan resolutions?
- What workout programs are being used to accommodate non-HAMP borrowers?
- What features are critical to borrower success?
- What techniques are being used to make contact, get information and process information?
- Deed for lease program - issues

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How does judicial conciliation and/or mediation affect HAMP?

- Should you offer pre-filing?
- Required to re-offer?
- Adjust standard collection?



Web resources:

- www.hmpadmin.com
- www.makinghomeaffordable.com



Special thank you to the panel coordinator:
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