

Supplemental Directive 09-10

December 23, 2009

Home Affordable Modification Program – Temporary Review Period for Active Trial Modifications Scheduled to Expire on or before January 31, 2010

In Supplemental Directive 09-01, the Treasury Department (Treasury) announced the eligibility, underwriting and servicing requirements for the Home Affordable Modification Program (HAMP). Under HAMP, servicers apply a uniform loan modification process to provide eligible borrowers with affordable monthly payments for their first lien mortgage loans. Treasury has been working with servicers to ensure they reach out to borrowers in active trial modifications, collect all necessary documentation from borrowers, make eligibility determinations in a timely manner, and convert eligible borrowers into permanent HAMP modifications.

In order to provide servicers an opportunity to remain focused on converting eligible borrowers to permanent HAMP modifications, effective today and lasting through January 31, 2010, Treasury is implementing a review period for all active HAMP trial modifications scheduled to expire on or before January 31, 2010. Active HAMP trial modifications include trial modifications that have been submitted to the Treasury system of record that have not been cancelled by the servicer.

During this review period, servicers should continue to convert eligible borrowers in active HAMP trial modifications to permanent HAMP modifications as quickly as possible in accordance with existing program guidance. Servicers may not cancel an active HAMP trial modification during this period for any reason other than failure to meet the HAMP property eligibility requirements.

During this review period, servicers must confirm the status of borrowers in active HAMP trial modifications scheduled to expire on or before January 31, 2010 as either current or not current. Servicers must also confirm which, if any, documents are due from borrowers. Servicers must send written notification to borrowers as appropriate to inform them that they are at risk of losing eligibility for a permanent HAMP modification because the borrower has (i) failed to make all required trial period payments, (ii) failed to submit all required documentation, or (iii) failed both to make all required trial period payments and to submit all required documentation. The notice must provide the borrower with the opportunity to correct any error in the servicer's records or submit any missing documents or payments within 30 days of the notice or through January 31, 2010, whichever is later. If a borrower provides evidence of the servicer's error or corrects the deficiency within the timeframe provided, the servicer must consider the new information and determine if the borrower is eligible to continue in the HAMP modification process.