

HAMP UPDATE

May 11, 2010

Announcing Help for Unemployed Borrowers

Today, May 11, 2010, [Supplemental Directive 10-04](#), *Home Affordable Unemployment Program*, was issued introducing payment relief for homeowners who have lost their jobs. The Home Affordable Unemployment Program (UP) is effective July 1, 2010, and offers eligible unemployed borrowers a forbearance plan to temporarily reduce or suspend their mortgage payments.

Details

- **Forbearance Plan Eligibility** -- A borrower must meet the Home Affordable Modification Program (HAMP) eligibility criteria as well as:
 - be unemployed when request is made;
 - be entitled to receive unemployment benefits in the month of the UP forbearance plan effective date (servicers have discretion to require a borrower to have received unemployment benefits for up to three months before commencement of the forbearance plan); and
 - request an UP forbearance plan before they become seriously delinquent (i.e., miss three monthly mortgage payments).
- **Forbearance Plan Evaluation** -- Servicers must follow these requirements when evaluating a borrower for an UP forbearance plan:
 - Unemployed borrowers who request assistance for HAMP must first be evaluated for an UP forbearance plan. If they qualify, they must be offered an UP forbearance plan before they can be considered for HAMP.
 - Borrowers currently in a HAMP trial period plan who become unemployed may receive an UP forbearance plan if they have missed less than three monthly payments as of the first payment due date of the HAMP trial period plan. If they do qualify, their existing HAMP trial period plan must be cancelled and the UP forbearance plan must immediately begin without waiting until the borrower has received three months of unemployment benefits.
 - Borrowers previously determined to be ineligible for a HAMP modification may request an UP forbearance plan if they meet the eligibility requirements.
 - Borrowers in a permanent HAMP modification who become unemployed *are not eligible for an UP forbearance plan*.
- **Forbearance Plan Terms**
 - Term must be three months or upon reemployment (whichever is less). Servicers may extend this period according to their investor/regulatory guidelines.
 - Monthly mortgage payment must be reduced to less than or equal to 31% of the borrower's gross monthly household income and may be suspended in full.
- **Transition to HAMP** -- Borrowers in an UP forbearance plan will be evaluated for HAMP at either reemployment or 30 days prior to the UP forbearance period expiring (whichever happens first).

Note: UP replaces the "Unemployment Benefits" guidance outlined in [Supplemental Directive 10-1](#) (in the Income Documentation section). And for borrowers with trial period plans with effective dates on/after July 1, 2010, unemployment insurance benefits, and other sources of temporary income related to unemployment, will no longer be considered a source of income for HAMP.

Questions?

Contact the HAMP Solution Center at support@hmpadmin.com or 1-866-939-4469.

This message was sent via e-mail on the date indicated at the top to servicer representatives registered for the Home Affordable Modification Program.