

Freddie Mac Updates HAMP, Streamlined Mods; Retires "Pay for Success"

By: Jann Swanson | Tue, Sep 17 2013, 10:41 AM

Late Monday Freddie Mac issued a bulletin for its Single-Family Servicer Guide (*Bulletin 2013-17*) which covers changes to the Home Affordable Modification Program (HAMP), Streamlined Modifications, the "Pay for Success" incentive, and some state foreclosure timelines, **Changes take effect immediately** unless it is noted otherwise.

HAMP

In line with the extension of HAMP announced in May, the Bulletin updates Section C65.4 *Eligibility* to require that all HAMP modifications have a Trial Period Plan effective date on or before March 1, 2016 and Modification Effective Dates on or before September 1, 2016.

The Bulletin also makes a mortgage that meets all other HAMP eligibility criteria in the Guide and has a positive Treasury Net Present Value (NPV) test that is an NPV of \$0 or greater eligible for HAMP. This change becomes effective on January 2, 2014 and updates Sections C65.5.1, *Verification of Eligibility*, C65.6, *Underwriting the Borrower*, and C65.8, *Other General Requirements*.

Servicers are also reminded that if a borrower is determined to be ineligible because of a negative NPV or for any other reason related to an eligibility criteria that borrower must be considered for other foreclosure alternatives.

STREAMLINED MODIFICATIONS

The Streamlined Modification program was extended to allow servicers to continue to offer Trial Modification Plans with effective dates on or before December 1, 2015. This change is made in accordance with the Servicing Alignment Initiative and Section B65.12.1 has been updated to reflect it.

FORECLOSURE TIMELINES

Deadlines for all foreclosure sales completed on or after September 1, 2013 in the states of Nevada, New Mexico, and Washington are extended by 30 days. This updates the guide Exhibit 83, *Freddie Mac State Foreclosure Time Lines*.

PAY FOR SUCCESS INCENTIVE

Freddie Mac currently pays servicers an annual success incentive of \$1,000 a year for three years for HAMP-eligible mortgages. This incentive is being discontinued for HAMP modifications with effective dates on or after April 1, 2014. Servicers will continue to receive incentives for mortgages with modification dates prior to the cutoff. Sections A65.26, *Unemployment Forbearance*, C65.4, C65.7, *Modification Process*, and C65.9, *HAMP Incentives*, have been updated to reflect this change.

The **following reminder** was also posted in yesterday's bulletin pertaining to Bulletin 2013-10:

"If a HAMP-modified Mortgage is repurchased, the Servicer takes all rights and obligations of the Mortgage, including the obligation to pay Borrower "Pay for Performance" incentives on eligible Mortgages as set forth in the HAMP Trial Period Plan. We have updated Sections C65.8 and C65.11, *HAMP Activity Reporting Requirements*, to reflect this existing Servicer obligation. Servicers must continue to comply with the Program Administrator's instructions on reporting and cancellation of repurchased Mortgages in the HAMP Reporting Tool."

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