

## Loss Mitigation Industry Program Support & Delegated Loss Mitigation Parameters

### Contents

<b>Industry Program Support</b> .....	2
Retention Workouts .....	2
Home Affordable Modification Program (HAMP) .....	2
Home Affordable Refinance Program (HARP) .....	2
Fannie Mae standard modification guidelines .....	2
Fannie Mae Payment Reduction Plan (PRP) .....	2
Fannie Mae Alt Mod .....	3
Fannie Mae Mod 24 .....	3
Freddie Mac HAMP Backup Modification .....	3
Freddie Mac Cap-to-Reinstate Modification .....	3
Non-Retention Workouts .....	3
Home Affordable Foreclosure Alternative Program (HAFA): Short Sales .....	3
Home Affordable Foreclosure Alternative Program (HAFA): Deed in Lieu .....	4
<b>Delegated Loss Mitigation</b> .....	5
Borrower Eligibility .....	5
Servicer Requirements for Delegation: .....	5
Repayment Plans .....	5
Payment Forbearance .....	6
Principal Forbearance .....	6
Principal Forgiveness .....	6
Loan Modifications .....	6
<b>Non- Delegated Loss Mitigation</b> .....	7
Foreclosure Postponement .....	7
Partial Claim Advance .....	7
Assumptions .....	7
Short Sales .....	7
Deed in Lieu of Foreclosure .....	7

## Industry Program Support

Servicers are delegated to perform modifications under the following specific industry programs, as defined in their respective program requirements.

### Retention Workouts

#### **Home Affordable Modification Program (HAMP) – introduced on March 4, 2009 in Treasury Supplemental Directive 09-01**

Servicers are delegated through an agreement between the GSEs and Triad to perform HAMP modifications on GSE-owned loans. Triad extends this delegated authority to modifications of non-GSE owned or securitized loans, under the identical parameters of the Fannie/Freddie/ U.S. Department of Treasury HAMP guidelines. This includes principal forgiveness. Monthly HAMP reporting to Triad is required for delegation. See <http://www.tgic.com/hasp.aspx> for complete details.

#### **Home Affordable Refinance Program (HARP) – introduced on March 4, 2009 in Treasury Supplemental Directive 09-01**

Servicers are delegated to perform HARP refinances under the following GSE programs:

- Fannie Mae’s Refi Plus (Manual Underwriting), *for same-servicer loans only.*
- Fannie Mae’s DU Refi Plus (Automated Underwriting), *for same-servicer loans only,*
- Freddie Mac’s Relief Refinance Mortgage (Manual Underwriting), *for same-servicer loans only*

Triad is only able to continue providing insurance on HARP originations made by the current servicer of record. See <http://www.tgic.com/hasp.aspx> for complete details.

#### **Fannie Mae standard modification guidelines – effective November 15, 2010 in Fannie Mae’s “Revised 2010 Delegation of Authority”**

Servicers are delegated to perform standard modifications on Fannie Mae-owned loans. Modifications performed must meet all requirements outlined in Fannie Mae’s “Revised 2010 Delegation of Authority,” and monthly reporting to Triad (in a format similar to HAMP) is required for delegation.

#### **Fannie Mae Payment Reduction Plan (PRP) – introduced on October 20, 2009 in Announcement 09-30**

Servicers are delegated to utilize the PRP and its predecessor the HSF on Fannie Mae-owned loans. Activities must meet all requirements of the programs, and reporting to Triad is required for delegation.

**Fannie Mae Alt Mod – introduced on March 18, 2010 in Lender Letter 2010-04**

Servicers are delegated to perform Alt Mod modifications on Fannie Mae-owned loans. Modifications performed must meet all requirements of the program, and monthly reporting to Triad (in a format similar to HAMP) is required for delegation.

**Fannie Mae Mod 24 – introduced on August 18, 2010 to participating servicers**

Servicers are delegated to perform Mod 24 modifications on Fannie Mae-owned loans. Modifications performed must meet all requirements of the program, and monthly reporting to Triad (in a format similar to HAMP) is required for delegation.

**Freddie Mac HAMP Backup Modification – introduced on May 17, 2010 in Bulletin 2010-11**

Servicers are delegated to perform HAMP Backup modifications on Freddie Mac-owned loans. Modifications performed must meet all requirements of the program, and monthly reporting to Triad (in a format similar to HAMP) is required for delegation.

**Freddie Mac Cap-to-Reinstate Modification – introduced on May 17, 2010 in Bulletin 2010-11**

Servicers are delegated to perform Cap-to-Reinstate modifications on Freddie Mac-owned loans. Modifications performed must meet all requirements of the program, and monthly reporting to Triad (in a format similar to HAMP) is required for delegation.

**Non-Retention Workouts**

**Home Affordable Foreclosure Alternative Program (HAFA): Short Sales – introduced on March 26, 2010 in Treasury Supplemental Directive 09-09**

Triad provides a short sale pre-approval process for servicers on GSE and non-GSE owned loans, however we do not provide delegated authority for HAFA short sales. Triad reviews all borrowers' ability to contribute to the short sale, and will require a contribution when applicable.

All requests for pre-approval should be submitted to [hope@tgic.com](mailto:hope@tgic.com), and include the following documentation:

- Certificate number
- Borrower's Itemized Financial Statement: monthly net income and assets (other real estate, checking, savings, 401K, stocks, bonds, etc) and monthly expenses (food, credit cards, insurance, utilities etc).
- RFD/Hardship Letter
- Preliminary HUD1 / Estimated Net Sheet
- Current UPB
- Complete BPO (include pictures and all addendums)

Additional considerations:

- Triad is limiting the pre-approval marketing period to 180 days
- The preapproval request must clearly identify itself as a request being made pursuant to HAFA
- FC Sale postponement is a separate process and requires separate approval using our FC Postponement form. FC sale postponement approval is not inferred by Triad pre-approval of HAFA short sales

Upon closing of the short sale, the following documentation is required:

- Final, executed HUD-1

**Home Affordable Foreclosure Alternative Program (HAFA): Deed in Lieu – introduced on March 26, 2010**

Triad provides a DIL approval process for servicers on GSE and non-GSE owned loans, however we do not provide delegated authority for HAFA DILs. Triad reviews all borrowers' ability to contribute to the DIL, and will require a contribution when applicable.

## **Delegated Loss Mitigation**

Effective October 15, 2010, Triad Guaranty Insurance is pleased to provide **limited** delegated loss mitigation authority to all servicers of Triad-insured loans. The following delegated parameters are designed to assist borrowers suffering from an involuntary hardship, while enabling servicers to act quickly. Given the borrowers' circumstances, all retention workouts should be expected to result in a sustainable long-term solution. Triad retains all rights under our master policies and endorsements including but not limited to any exclusions from coverage set forth therein.

### **Borrower Eligibility**

The following requirements apply to all delegated loss mitigation options in this document:

- Borrowers must be currently in default or at risk of default
- These problem loans must be the result of a documented involuntary hardship. Qualified hardships include, but are not limited to:
  - Involuntary unemployment
  - An involuntary reduction in income
  - Divorce
  - Death of a co-borrower
  - Serious illness or long-term disability
  - Call to active military duty
  - Forced relocation by employer
  - Excessive credit obligations (Note: Servicers are encouraged to require that borrowers work with a HUD-certified counselor in an effort to reduce their payment obligations with other creditors)

### **Servicer Requirements for Delegation:**

- **Monthly workout reporting is required** in a mutually acceptable format. Failure to report workouts may affect future claim settlements.
- Standard workout documentation is required (see: [Non-Delegated Documentation Requirements](#) link on our website.)
- Compliance with all other terms and conditions of Triad's master policy and the [Default and Claims Servicing Guide](#) is required (i.e. foreclosure postponement approval process and impacts.)

### **Repayment Plans**

As stated in Triad's Default and Claims Servicing Guide, servicers are delegated to approve any reasonable repayment program as long as the loan is never more than six months in default during the workout effort.

### **Payment Forbearance**

As stated in Triad's Default and Claims Servicing Guide, servicers are delegated to approve any reasonable forbearance program as long as the loan is never more than six months in default during the workout effort.

### **Principal Forbearance**

Servicers are delegated to forebear principal on all loans. Amounts forborne are included in premium calculation and are claimable as an expense only in the event of a subsequent allowable loss.

### **Principal Forgiveness**

Servicers are delegated to forgive principal on all loans. Amounts forgiven are claimable as an expense only in the event of a subsequent allowable loss. Premiums not paid on the forgiven portion will be deducted from the final claim settlement.

### **Loan Modifications**

Subject to the Borrower Eligibility and Servicer Requirements listed above, Servicers are delegated to perform loan modifications that:

- Convert an adjustable rate mortgage to a fixed rate, fully amortizing mortgage
- Decrease the current interest rate
- Extend the term of the mortgage up to 480 months from the modification effective date
- Capitalize delinquent interest. Though the amount capitalized may exceed the original UPB, the capitalized delinquent interest will be includable in the claim amount only insofar as it does not increase the unpaid principal balance above the original loan amount.
- Forebear or forgive any portion of the principal (as outlined above)
- Any combination of the preceding 5 bullets

## **Non- Delegated Loss Mitigation**

Triad is readily available to consider all loss mitigation requests, whether they can be delegated or not. Industry programs and workout scenarios outside of those described above should be submitted to Triad at [hope@tgic.com](mailto:hope@tgic.com). Common non-delegated loss mitigation activities include, but are not limited to:

### **Foreclosure Postponement**

Triad does not currently offer delegated authority for postponement of foreclosure sales. Please complete and submit Triad's Foreclosure Postponement Request for approval (see: [Foreclosure Postponement Request](#) link on our website.)

### **Partial Claim Advance**

Triad has processes in place to support partial claim advances when such an advance proves to be the last resort to keeping a borrower in their home. Requests may be submitted using the [Second Look](#) process under HAMP, though loans do not need to qualify for HAMP to be considered. Partial claim advances will be deducted from any potential future claim settlement, so all parties to the transaction may need prior notification before you request this option.

### **Assumptions**

Triad does not currently offer delegated authority for loan assumptions. Please contact a Triad Loan Workout Specialist when applicable.

### **Short Sales**

Triad does not currently offer delegated authority for short sales. Please consult Triad's Default and Claims Servicing Guide for details on required documentation and submission to Triad (see: [Default and Claims Servicing Guide](#).) Additionally, pre-qualification for short-sales is available.

### **Deed in Lieu of Foreclosure**

Triad does not currently offer delegated authority for deeds in lieu. Please consult Triad's Default and Claims Servicing Guide for details on required documentation and submission to Triad (see: [Default and Claims Servicing Guide](#).)