

Loss Mitigation Industry Program Support & Delegated Loss Mitigation Parameters

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Industry Program Support

Servicers are delegated to perform modifications under the following specific industry programs, as defined in their respective program requirements. Servicers may be delegated for additional GSE proprietary modification programs not listed below – please contact Triad with any questions.

Retention Workouts

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

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, and subsequently updated by the GSEs periodically

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

- Fannie Mae’s Refi Plus (Manual Underwriting)
- Fannie Mae’s DU Refi Plus (Automated Underwriting)
- Freddie Mac’s Relief Refinance Mortgage – Same Servicer
- Freddie Mac’s Relief Refinance Mortgage – Open Access

Effective 2/18/2012, Triad supports both new-servicer and same-servicer HARP refinances. Prior to this date, only same-servicer HARPS were supported. 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 is required for delegation.

Fannie Mae Streamlined Modification – introduced on March 27, 2013 in Announcement SVC-2013-05

Servicers are delegated to perform Streamlined Modifications on Fannie Mae-owned loans. Modifications performed must meet all requirements of the program, and monthly reporting to Triad 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.

Freddie Mac Standard Modification – introduced on September 12, 2011 in Bulletin 2011-16

Servicers are delegated to perform Standard Modifications on Freddie Mac-owned loans. Modifications performed must meet all requirements of the program, and monthly reporting to Triad is required for delegation.

Freddie Mac Streamlined Modification – introduced on March 27, 2013 in Bulletin 2013-5

Servicers are delegated to perform Streamlined Modifications on Freddie Mac-owned loans. Modifications performed must meet all requirements of the program, and monthly reporting to Triad 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 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 is required for delegation.

Non-Retention Workouts

Fannie Mae Standard Short Sale/HAFA II and Deed-in-Lieu of Foreclosure Requirements – introduced on August 22, 2012 in Announcement SVC-2012-19, and on November 28, 2012 in Announcement SVC-2012-25

Effective November 1, 2012, Servicers are delegated to perform short sales and deeds-in-lieu of foreclosure on Fannie Mae-owned loans. All short sales and deeds-in-lieu of foreclosure performed on Fannie Mae-owned loans must meet the requirements of the program, and monthly reporting to Triad is required for delegation.

Freddie Mac Standard Short Sale and Deed-in-Lieu of Foreclosure Requirements – introduced on August 21, 2012 in Bulletin 2012-16, and on November 15, 2012 in Bulletin 2012-27

Effective November 1, 2012, Servicers are delegated to perform short sales and deeds-in-lieu of foreclosure on Freddie Mac-owned loans. All short sales and deeds-in-lieu of foreclosure performed on Freddie Mac-owned loans must meet the requirements of the program, and monthly reporting to Triad is required for delegation.

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

Triad provides a short sale pre-approval process for servicers on non-GSE owned loans. Triad does not provide delegated authority for HAFA short sales on non-GSE-owned loans. 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, 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 for Non-GSE-owned loans

Triad provides a DIL approval process for servicers on non-GSE owned loans, however we do not provide delegated authority for HAFA DILs on non-GSE-owned loans. 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 Corporation, In Rehabilitation 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 claimable as an expense only in the event of a subsequent loss and request for benefits. Amounts forborne are included in the premium calculation following the first premium anniversary of the effective date of the modification.

Principal Forgiveness

Servicers are delegated to forgive principal on all loans. Amounts forgiven are claimable as an expense in the event of a subsequent loss and request for benefits. Amounts forgiven are included in the premium calculation following the first premium anniversary of the effective date of the modification.

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. 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 – not owned by Fannie Mae or Freddie Mac

Triad does not currently offer delegated authority for short sales on non-GSE-owned loans. 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 – not owned by Fannie Mae or Freddie Mac

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