

Home Affordable Modification Program (HAMP) Compensation—First Liens

	Payment Name	Frequency	Payee/Beneficiary	Amount	Timing
1	Servicer Incentive Payment (paid for loans that successfully complete trial)	One time	Servicer/Servicer	\$1,000	Paid in the first month of the official modification. Trial modification period must be successfully completed.
2	Current Borrower One Time Bonus Payment (paid for loans that successfully complete trial; loan must be current at the start of the trial period)	One time	Servicer/Servicer	\$500	Paid in the first month of the official modification. Trial modification period must be successfully completed.
3	Current Borrower One Time Bonus Payment (paid for loans that successfully complete trial; loan must be current at the start of the trial period)	One time	Servicer/Investor (non-GSE Only)	Must reduce monthly housing expense by at least 6%. \$1,500	Paid in the first month of the official modification. Trial modification period must be successfully completed.
4	Monthly Reduction Cost Share*	Monthly for first 5 years of the official modification	Servicer/Investor (Non-GSE Only)	The investor is paid, on a monthly basis: 50% of the difference between the P&I Payment at 38% DTI and P&I Payment at 31% DTI if the Front Ratio before modification is greater than or equal to 38% or 50% of the difference between the P&I Payment before modification and the P&I Payment at 31% DTI if the Front Ratio before modification is less than 38%.	Paid monthly beginning the month after the official modification effective date when the first official monthly report (OMR) is received.
5	Borrower Pay for Performance Success Payment	Accrued monthly (only in months borrower is current) and paid annually on the anniversary date of the trial modification Borrower is eligible for 5 years after starting the trial modification period.	Servicer/Borrower	Must reduce monthly housing expense by at least 6%. If such reduction is achieved, the borrower accrues, on a monthly basis the lower of \$83.33 or 50% of the difference between the Monthly Housing Expense Before Modification and Monthly Housing Expense After Modification.	Accrue for number of months in the trial period in month 1 of the official modification to account for the time in the trial period. Amounts are accrued monthly if the OMR is received and the LPI Date Reported on the OMR is current. Paid annually in the month of the anniversary of first trial payment due date.
6	Servicer Pay for Success Payment	Accrued monthly and paid annually on the anniversary date of the trial modification Servicer will receive for 3 years after starting the trial modification period.	Servicer/Servicer	Must reduce monthly housing expense by at least 6%. If such reduction is achieved, the servicer accrues, on a monthly basis the lower of \$83.33 or 50% of the difference between the Monthly Housing Expense Before Modification and Monthly Housing Expense After Modification.	Accrue for number of months in the trial period in month 1 of the official modification. Amounts are accrued monthly if the OMR is received. Paid annually in the month of the anniversary of first trial payment due date.

(*Amount" corrected on 10/21/2009.)

HAMP Compensation Process

1. Servicer establishes bank account.
 - Bank accounts are designated by the servicer on the HAMP Registration form, Sections 3 and 4.
 - Servicers may designate up to four accounts to allocate compensation appropriately: default account, servicer account, investor account, and borrower account.
2. Servicer submits official loan set up record once trial period is complete.
 - Refer to the chart on page 1 for compensation timing considerations and requirements.
3. Fannie Mae, as administrator for the Home Affordable Modification Program, provides Cash Payment Summary Report to servicer.
 - Report includes compensation amount on a loan-level basis and indicates the associated payor: U.S. Treasury Department, Fannie Mae, or Freddie Mac.
 - Report is accessible via the HAMP Transaction Portal/WebTrader inbox one business day before compensation is deposited into accounts (via the HAMP Reporting Tool effective November 25, 2009). Deposit occurs on the 27th calendar day or first business day prior to the 27th if the 27th falls on a weekend or a holiday.
4. Deposit is made.
 - Deposit is transferred via Automated Clearing House (ACH) Network on 27th of the month or on the business day prior to the 27th.