Appendix A. Comparison of Recent Federal Foreclosure Prevention Initiatives

Table A-1. Comparison of Select Federal Foreclosure Prevention Programs

	Refinancing Programs			Modification Programs	
	Hope for Homeowners (H4H)	FHA Short Refinance Program	Home Affordable Refinance Program (HARP)[a]	Home Affordable Modification Program (HAMP)—Original	HAMP—Principal Reduction Alternative[b]
Program Basics					
Status	Created by P.L. 110-289. Modified by P.L. 111-22.	Obama Administration initiative.	Obama Administration initiative.	Obama Administration initiative.[c]	Obama Administration initiative to modify HAMP.
	Active since October 1, 2008.	Announced March 26, 2010; active since September 7, 2010.	Announced February 2009; active since April 1, 2009.	Announced February 2009; active since March 4, 2009.	Announced March 26, 2010; active since October 1, 2010.
	Available until September 30, 2011.	Available until December 31, 2012.	Available until June 30, 2011.	Available until December 31, 2012.	Same as HAMP.
	239 loans had been refinanced through the program as of February 2011.	64 loans had been refinanced through the program as of February 2011.	663,140 loans had been refinanced through HARP through January 2011.	142,239 HAMP trial modifications and 557,076 HAMP permanent modifications were active as of	Became effective on October 1, 2010.

				February 2011.	
Basic Premise	Allows certain homeowners who owe more than their homes are worth to refinance into new, FHA-insured mortgages.	Allows certain homeowners who are current on their mortgages, but owe more than their homes are worth, to refinance into new, FHA-insured mortgages.	Allows certain homeowners who are current on their mortgages, but owe between 80% and 125% of what their homes are worth, and whose mortgages are owned or guaranteed by Fannie Mae or Freddie Mac, to refinance into new, non-FHA insured mortgages.	Provides incentives to servicers to modify borrowers' mortgages so that monthly mortgage payments are no more than 31% of gross monthly income.	Expansion of HAMP to facilitate principal reductions on eligible mortgages.
	Reduces principal balance on first mortgage; maximum loan-to-value (LTV) ratio of new loan depends on borrower's	Reduces principal balance on the first mortgage to no more than 97.75% of the home's value. The first mortgage must	Does not reduce principal.	Principal reduction is allowed at servicer's discretion, but not required or specifically incentivized.	Requires participating HAMP servicers to consider reducing principal for eligible borrowers who owe over 115% of the value of their

	circumstances.	be reduced by at least 10%.			home. Provides incentives to lenders/investors specifically for reducing principal.
	Second liens must be extinguished.	Second liens are allowed to remain; they must be re-subordinated, and total mortgage debt after the refinance may not exceed 115% of the home's value.	Second liens are allowed to remain; they must be re-subordinated.	Second liens are allowed to remain; they must be re-subordinated, and the Second Lien Modification Program provides incentives for modification or extinguishment of second liens.	Increases incentive payments available through the HAMP Second Lien Modification Program.
Program Details					
Program Details	Borrower refinances into FHA-insured mortgage with a lower principal mortgage amount. Original mortgage holder absorbs loss resulting from write-down in	Borrower refinances into FHA-insured mortgage for no more than 97.75% of home's value. Original mortgage holder absorbs loss resulting from write-down in	Borrower can refinance into a new, non-FHA insured loan. The refinanced loan will not reduce the principal balance owed, but it can reduce the interest rate or move the	Servicers receive incentives to reduce eligible borrowers' mortgage payments to 38% of gross monthly income. Servicer can reduce payments through interest rate reductions, term	Requires servicers who are participating in HAMP to consider principal reduction for borrowers who owe at least 115% of the value of their homes.

	mortgage value.	mortgage value.	borrower from an adjustable-rate to a fixed-rate mortgage, thereby lowering monthly payments or preventing a payment increase.	extensions, and principal forbearance, and may reduce principal at their own discretion. Government shares half the cost of further reducing payments to 31% of monthly income.	
	New mortgage amount may not exceed $550,440 (for a one-unit home).	New mortgage amount may not exceed FHA maximum loan limits.	New mortgage, like the original mortgage, cannot exceed Fannie Mae/Freddie Mac conforming loan limits.	Because the outstanding principal balance cannot exceed $729,750 (for a one-unit home) to participate in HAMP, the principal balance of loans modified through HAMP will necessarily not exceed this amount.	Same as HAMP.
	New mortgage must result in a lower monthly mortgage payment than	New total monthly mortgage payment (including	The new mortgage must benefit the homeowner through a lower	The new mortgage payment must not exceed 31% of gross monthly	Same as HAMP. If principal is reduced, the amount of

	the original loan, but there is no minimum reduction in payment. Maximum loan-to-value ratios and total debt-to-income ratios depend on the borrower's delinquency status and credit score.[d]	second mortgage payments) must be no higher than approximately 31% of income. New mortgage must result in a reduction of mortgage debt of at least 10% of the amount of the original outstanding principal balance, and must not exceed 97.75% of the home's value. Total household debt may not be more than approximately 50% in most cases.	interest rate or a more stable mortgage product (for example, a fixed-rate loan instead of an adjustable-rate loan). Borrowers without mortgage insurance (MI) on the original loan are not required to get MI on the new loan.	income. Borrowers must successfully complete a three-month trial period before the modification becomes permanent.	principal reduction will initially be treated as principal forbearance, and then will be forgiven in three equal parts over three years as long as the borrower remains current.
	Borrower pays upfront and annual FHA mortgage insurance	Borrower pays upfront and annual FHA mortgage insurance	If the mortgage already had MI, that MI should be transferred to the new loan.	Mortgages may or may not have MI.	Same as HAMP.

	premiums.[e] Borrower pays "exit premium" when the home is sold.[f]	premiums.			
	Second lien-holders must release their liens.	Allows for existence of a second lien up to a total combined mortgage debt of 115% of home's value. If the second lien is not extinguished, the second lien-holder must agree to re-subordinate the lien.	Second liens are not explicitly addressed.	Second Lien Modification Program provides incentives for the modification or extinguishment of Second Liens.	Second Lien Modification Program still applies; incentives will be increased.
Incentives for Lenders/Servicers/Investors	HUD has authority to provide incentive payments to mortgage servicers and originators of new H4H mortgages.	No incentive payments related to first lien mortgage.	No incentive payments.	Incentives to servicers for making modifications. "Pay-for-success" incentives to borrowers and servicers if borrowers remain	Incentives offered to lenders/investors based on the dollar amount of principal reduced.

				current. Incentives to lenders/investors in the form of half the cost of reducing the monthly mortgage payment from 38% to 31% of gross monthly income.	
	Incentive payments may be made to second lien-holders to facilitate the extinguishment of the lien.	Incentives will be made to second lien-holders to write down the balance of the second lien.	No incentive payments.	Incentives are offered for second lien-holders to modify or release their liens through the Second Lien Program.	Incentives will be increased for second lien-holders to write down the balance of the second lien.
	Performance of H4H mortgages will not be included in certain FHA evaluations of lenders' performance.	Performance of short refinances will not be included in certain FHA evaluations of lenders' performance.	No additional incentives.	Additional incentives are available for investors, borrowers, lenders, and servicers for certain other modification or foreclosure prevention activities.	Additional HAMP incentives continue to apply.
Eligibility Requirements					

Borrower/Mortgage Eligibility Requirements	Borrower may have an FHA-insured or non-FHA-insured mortgage	Borrower must have a non-FHA-insured mortgage.	Borrower must have a mortgage that is owned or guaranteed by Fannie Mae or Freddie Mac.	Borrower must have a mortgage held by any participating lender or servicer	Same as HAMP.
	Borrower may be current or delinquent on his/her mortgage.	Borrower must be current on his/her mortgage.	Borrower must be current on his/her mortgage.	Borrower may be current or delinquent on his/ her mortgage.	Same as HAMP.
	Borrower must have experienced a financial hardship.	No hardship requirement.	No hardship requirement.	Borrower must have experienced a financial hardship.	Same as HAMP.
	Borrower's total monthly mortgage payment must be higher than 31% of gross monthly income. Borrower's net worth may not be greater than $1 million.	No minimum monthly mortgage payment specified.	Borrower owes between 80% and 125% of the value of the home	Borrower's total monthly mortgage payment must be higher than 31% of gross monthly income. Borrower must not have sufficient liquid assets to make monthly mortgage payments. The unpaid principal balance is no higher than	Same as HAMP. Borrower must owe at least 115% of the value of the home before servicers are required to consider principal reductions.

				$729,750 (for a one-unit property). This is the Fannie Mae/Freddie Mac conforming loan limit for high-cost areas.	
	Mortgage must have been originated on or before January 1, 2008.	No mortgage origination criteria specified.	Mortgage must generally have been delivered to Fannie Mae or Freddie Mac during or before the early months of 2009, but the actual dates depend on whether the loan is owned or guaranteed by Fannie or Freddie.	Mortgage must have been originated on or before January 1, 2009.	Same as HAMP.
Property Eligibility Requirements	Home must be the borrower's primary residence.	Home must be the borrower's primary residence.	Home not required to be primary residence.	Home must be the borrower's primary residence.	Same as HAMP.
	Property must be single-family (1-4 unit) home.[i]	Property must be single-family (1-4 unit) home.	Property must be single-family (1-4 unit) home.	Property must be single-family (1-4 unit) home.	Same as HAMP.
Lender/Servicer Participation	Mortgage holders agree to accept proceeds	Mortgage holders agree to accept proceeds	Fannie Mae- and Freddie Mac-approved	Servicers who have signed HAMP	Servicers who have signed HAMP

	of new loan as payment in full on the original loan, and FHA-approved lenders agree to make new H4H loans, on a case-by-case basis.	of new loan as payment in full on the original loan, and FHA-approved lenders agree to make new FHA-insured loans, on a case-by-case basis.	lenders are authorized to participate.	participation agreements are required to participate; signing a participation agreement is voluntary.	participation agreements are required to participate in the program changes.

Sources: FHA Mortgagee Letter 2009-43; FHA Mortgagee Letter 2010-23; Fact Sheet on FHA Program Adjustments to Support Refinancings for Underwater Homeowners; Fact Sheet on Making Home Affordable Program Enhancements to Offer More Help for Homeowners; FHA Outlook, February 2010; FHFA Foreclosure Prevention and Refinance Report, November 2009/January 2010; Making Home Affordable Program: Servicer Performance Reports; Home Affordable Modification Program Guidelines; HAMP Supplemental Directive 09-01; Fannie Mae and Freddie Mac HARP guidance.

a. Fannie Mae and Freddie Mac have each issued their own specific guidelines for HARP.

b. Treasury's detailed guidance on HAMP, including the Principal Reduction Alternative and other related programs, can be found in the Making Home Affordable handbook, available at https://www.hmpadmin.com/portal/index.jsp.

c. While HAMP was created as an Obama Administration initiative, the funding for the program is provided through the Troubled Assets Relief Program (TARP). TARP was authorized in P.L. 110-343.

d. FHA Mortgagee Letter 2009-43. The maximum allowable LTV has changed since the program was first created.

e. Using statutory authority provided in P.L. 111-22, HUD has reduced the mortgage insurance premiums for H4H from their original levels.

f. Borrowers originally had to agree to share a portion of both their equity in the home and any house price appreciation with HUD when the home was eventually sold. P.L. 111-22 provided the authority to change these requirements. The exit premium is now a payment of a portion of the initial equity in the home after the H4H refinance.

g. FHA Mortgagee Letter 2009-43. When the program first began, only non-FHA-insured loans were eligible.

h. FHA-insured mortgages are eligible for FHA-HAMP, an FHA loss mitigation activity that shares many of the same features as HAMP. VA or USDA mortgages may or may not be eligible for HAMP, subject to the relevant agency's guidance.

i. Originally, HARP allowed homeowners to refinance if they owed up to 105% of the value of their homes. On July 1, 2009, the Federal Housing Finance Agency (FHFA) announced that it would increase the maximum loan-to-value ratio to 125%.

j. FHA Mortgagee Letter 2009-43. When the program first began, only 1-unit properties were eligible.