Fannie Mae

Fact Sheet

Fannie Mae Flex Modification

Fannie Mae has combined the features of the Fannie Mae Home Affordable Modification Program (HAMP), Standard Modification, and Streamlined Modification into the Fannie Mae Flex Modification program, offering Servicers an easier, flexible way of helping more borrowers qualify for a loan modification in a changing housing environment. The Fannie Mae Flex Modification will replace HAMP and the Standard and Streamlined Modification programs with a single modification program that leverages the lessons learned from the housing crisis.

> **NOTE:** *This fact sheet provides a preliminary, high-level overview of the program. Please read Lender Letter LL-2016-06 for complete requirements.*

Program Highlights

The Flex Modification leverages components of HAMP, the Fannie Mae Standard and Streamlined Modifications. Highlights include:

- The Fannie Mae Flex Modification can be applied to all mortgage loan delinquencies, and to mortgage loans that are determined to be in imminent default in accordance with the *Servicing Guide*.
- The program will offer additional payment relief allowing forbearance of principal to an 80% mark-to-market loan-to-value ratio (MTMLTV) for eligible borrowers (not to exceed 30% of the unpaid principal balance) in two ways:
  - For borrowers less than 90 days delinquent, the program requires a complete loss mitigation application and targets a 20% payment reduction and 40% housing expense-to-income ratio.
  - For borrowers 90 or more days delinquent, the program targets a 20% payment reduction and requires no borrower documentation.

Evaluation Hierarchy

Prior to implementing the Fannie Mae Flex Modification, the Servicer must follow the existing loss mitigation evaluation hierarchy as described in our *Servicing Guide*. Once a Servicer implements the Fannie Mae Flex Modification, they must discontinue evaluating borrowers for the Standard and Streamlined Modifications.

What Servicers Need to Do

Review the Fannie Mae Flex Modification requirements in Lender Letter LL-2016-06, including the eligibility requirements, modification terms, solicitation requirements, and executing and recording requirements. Also, the servicer should review the changes to the Fannie Mae Streamlined Modification Post Disaster Forbearance and Fannie Mae Cap and Extend Modification for Disaster Relief programs.

We're providing this information now to allow Servicers time to begin updating their systems as soon as possible. Servicers must begin evaluating their portfolios using the criteria described in the Lender Letter no later than October 1, 2017, but may start to submit cases to Fannie Mae as early as March 1, 2017.

This new modification will replace the current Fannie Mae Standard and Streamlined Modification offerings on and after October 1, 2017. In the interim, Servicers must continue to evaluate borrowers for Standard and Streamlined Modifications following the evaluation hierarchy.

© 2016 Fannie Mae. Trademarks of Fannie Mae.