



# LOAN DISPOSITION ANALYSIS

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**PREPARED FOR:** Help-4-Homes

## **ANALYSIS FOR BORROWER(s):**

John Doe

**MORTGAGE OWNER:** FannieMae

**SERVICER:** Bank of America

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### **GUIDELINE/ANALYTICAL MODELS & CODE VERSIONS APPLIED IN THIS REPORT/ANALYSIS**

Real Estate Services and Technology's Loan Workout Options & Analytics v.1007a

Real Estate Services and Technology's Custom HAMP Eligibility & Net Present Value (NPV) Model

Report Format(s) & Analytics Last Modified: 07/18/2010

## INFORMATION SUBMITTED FOR ANALYSIS

Data Collection Date: 8/18/2010

Submitted by: DeAnna Lorenzo

### **BORROWER INFORMATION:**

Borrower: John Doe

Borrower Current FICO: 595

Co-Borrower:

Co-Borrower Current FICO: 0

Monthly Gross Income: \$7,500.00

Total Monthly Obligations: \$1,800.00

### **DELINQUENCY STATUS, HARDSHIP & MOTIVATION:**

Delinquency Status (Months in Default): 30DaysDelinquent

Reason for Default: Curtailment of income

Borrower Intent: I do not know

Previously Modified Under HAMP: N

Delinquent Fees: \$0.00

Delinquent Interest: \$0.00

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### **PROPERTY INFO:**

Subject Property Address: 12345 Any Street in Newport Beach, CA 92705

Property Type: Single Family

Property Usage: Primary Residence

Property Occupied: Y

Property Condition: Fair

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### **LOAN INFO:**

Loan Product Before Modification: Fixed Rate

Mortgage Type: Conventional with PMI

First Paid Date at Origination: 10/1/2007

Original Term (in Months): 360

Next Rate Reset Date (if any):

Note Reset Rate: 0.000%

Original Loan Amount: \$500,000.00

Original Interest Rate: 7.250%

LTV at Origination: 80.000%

Current Unpaid Balance: \$495,000.00

Current Interest Rate: 7.250%

Current Monthly Payment: \$3,003.00

Monthly HOA Dues: \$0.00

Monthly Hazard & Flood Insurance: \$0.00

Monthly Real Estate Taxes: \$0.00

## ELIGIBILITY CHECKLIST FOR THE HOME AFFORDABLE MODIFICATION PROGRAM(S)

The Checklist for Getting Started and Participating in HAMP for Non-GSE loans (as outlined in the Fannie Making Home Affordable Program published 8/13/2009) outlines the steps to be followed when considering the borrower(s) as potential candidates for HAMP and other government programs.

An Initial Review of the Borrower(s)' Financial Condition has been conducted and their eligibility for a Home Affordable Modification Program (HAMP) has been evaluated based on the information provided. The checklist and analysis results are outlined below.

### 1. CHECK THE BORROWER(S)' DEFAULT SITUATION

Borrowers can qualify for HAMP if they are already in default or if they are current on their mortgage obligations and claim an eligible financial hardship. Some eligible financial hardships include:

- Insufficient income
- An increase in living expenses
- Excessive monthly debt obligations/payments and/or overextension with creditors
- Changes in overall household financial circumstances
- Lack of sufficient cash reserves to make mortgage payments & pay for basic living expenses

'Current' Borrowers who wish to apply for HAMP should be screened for imminent default using industry standards:

- The Delinquency Status (Months in Default) is: 30DaysDelinquent
- The reason given for (Imminent) Default is: Curtailment of income

### 2. CHECK OTHER HAMP QUALIFYING REQUIREMENTS

The submitted information was analyzed to determine whether the loan and borrower(s)' information met additional HAMP qualifying requirements:

- Passes** ▶ Check that the Loan has not previously been modified under HAMP or has been the subject of a fully executed HAMP Trial Period Plan.
- Passes** ▶ Verify that the First Lien should be originated on or before January 1st, 2009. (It was originated on 10/1/2007).
- Passes** ▶ Verify that the Property securing the loan should be the Borrower(s)' primary residence and currently be occupied.
- Passes** ▶ The Unpaid Principal Balance (UPB) of the loan should be no more than the allowed \$729,750.00 for a SingleFamily property type. The Current Unpaid Principal Balance is: \$495,000.00
- Passes** ▶ The Borrower(s)' total monthly mortgage payment – including principal, interest, taxes, insurance, and homeowner association or condo dues (excluding mortgage insurance premiums or payments to subordinate lien holders) should exceed 31% of their gross monthly income. (The Borrower(s)' reported gross monthly income was the total income before any payroll deductions, plus all other income.) The Borrower(s)' current Mortgage Payment Ratio (the ratio of the borrower(s)' monthly mortgage payment to the monthly gross income - before modification) is 40.04%.

### 3. CALCULATE THE TARGET MONTHLY MORTGAGE PAYMENT

In preparing the proposed modification terms we calculated the Target Monthly Mortgage Principal and Interest (P&I) Payment amount by:

- A. First, multiplying the borrower(s)' monthly gross income of \$7,500.00 by 31%, which results in a 'Target Amount' of \$2,325.00 - to be made available for ALL monthly mortgage related expenses for the loan.
- B. Subtracting any Monthly Taxes, Insurance and Home Owner's Association or Condo Dues and Escrow Payments from the Target Monthly Mortgage Payment
- C. Excluding any Borrower-Paid Mortgage Insurance

#### 4. DETERMINE A QUALIFYING RATE, TERM AND PAYMENT - WATERFALL APPROACH

The necessary modification steps to achieve the Target Monthly Mortgage P&I Payment Amount were performed in the order listed below – only if needed, to reach the target 31% Monthly Mortgage Payment without going below the 31% ratio threshold:

- A. DETERMINE THE LOAN BALANCE: First, capitalize any reported accrued arrearages, interest, escrow advances and acceptable servicing advances to third parties, adding them in to obtain a new starting loan balance.  
*Passed*
- B. REDUCE THE RATE: Reducing the current interest rate (7.250%) in .125% increments to not less than 2% while using the existing remaining loan term.  
*NA*
- C. EXTEND THE TERMS: Extending the mortgage term up to 480 months (or greater if the existing loan terms are higher).  
*NA*
- D. FORBEAR PRINCIPAL: (Only if Needed) to reach 31% of the monthly mortgage payment target while ensuring that the mark-to-market LTV (the current LTV based on the new valuation) of the resulting interest bearing balance is greater than or equal to 100%.  
*NA*

#### PROPOSED (QUALIFYING) MODIFICATION TERMS

The Modification Terms proposed below would qualify under the HAMP Rate Reduction, Term Extension and Principal Forbearance guidelines listed above:

<p><b>NEW LOAN BALANCE: \$495,000.00</b></p> <p><b>NEW INTEREST RATE: 3.500%</b></p> <p><b>NEW PROPOSED TERM: 323 months</b></p> <p><b>NEW PAYMENT: \$2,368.16</b></p>
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#### 5. ADDITIONAL TESTS

In addition to performing the Waterfall Eligibility Tests listed above the loan was then also evaluated using a series of Net Present Value (NPV) tests that compared the expected economic outcome of the loan WITH the proposed loan modification terms to the NPV of the loan WITHOUT the proposed loan modification terms. This is an additional and critical step to determining whether the borrower is eligible under the Home Affordable Modification Program (HAMP),

##### ► NPV TEST RESULT - Positive

A Positive NPV Test Result means the economic results are expected to be greater WITH a modification than without, in which case the Home Affordable Modification Program (HAMP) must be pursued. When WaterFall Passes and NPV Results are Negative, the servicer needs to seek approval from the Investor before proceeding.

- The projected NPV WITH the proposed Loan Modification is: \$456,843.86
- The projected NPV WITHOUT the proposed Loan Modification and going into Foreclosure is: \$448,141.61

##### ► PASSES DE MINIMIS TEST? - Y

The De Minimis Test indicates whether the proposed modification results in at least a 6% reduction in the borrower's monthly payment. The characteristics of the current and proposed monthly payments are as follows:

- The Borrower(s)' currently monthly payment is: \$3,003.00
- The Borrower(s)' monthly payment with the proposed modification is: \$2,368.16
- The proposed modification results in a 21% reduction in the borrower(s) monthly payment.

##### ► FORBEARANCE TEST/FLAG: - NA

The Forebearance Test flags cases where the loan, after modification, is NPV negative and the amount forborne makes the interest bearing unpaid principal balance less than the market value of the property.

## VARIOUS CALCULATION ASSUMPTIONS & SUPPORTING INFORMATION

*Real Estate Services and Technology maintains a detailed history of the calculations used for all finding reports (including the NPV models and versions used) along with all submitted case file data, assumptions, NPV inputs and NPV results.*

### ■ HAMP NPV MODEL

The Treasury's most recent HAMP NPV Model (v 3.1) is currently only available to participating/certified HAMP servicers. For this reason, the model used in this analysis has certain variations. These may include:

- The AVM Model/Valuation used (GSE vs Independent)
- REO Discounts that are Applied to the AVM Values
- FHFA Historical and Projected Home Price Index
- Foreclosure & REO Disposition Timeline & Costs
- Home Price Decline Protection Incentive Matrix
- Probabilities of Default

Although this is a proprietary model, based on the input provided, the Loan Modification Terms proposed in this report will still fall within the allowable tolerances of the HAMP eligibility guidelines. Since the NPV calculations are quite complicated they may often produce results that are initially unexpected (e.g. certain thresholds and probabilities dictate using a multiplier of the UPB instead of the property's current market value). The variables listed below delineate just some of the factors/values utilized in the Custom NPV calculations for this analysis:

- Floor Rate: 2.000%
- Discount Rate Risk Premium: 0.000%
- REO/Foreclosure Expenses: \$11,632.50
- Interest Rate Decrement: 0.125%
- Foreclosure and REO Hold Time:(Mods): 26
- Foreclosure and REO Hold Time: (No Mod): 20
- Home Price Depreciation (Mod): 1.114%
- Home Price Depreciation (No Mod): 1.085%

### ■ PROPERTY VALUATION(s) \$495,000.00

The Property Valuation (\$495,000.00) is also one of the required inputs for the NPV model and other analytics. It was either obtained from an Appraisal Broker Price Opinion, or other Valuation Method provided by the submitting party or it was independently obtained by Real Estate Services and Technology.

In cases where the valuation was obtained by Real Estate Services and Technology, the following information applies. (Please refer to the accompanying Property Valuation Report for specific analytics regarding the property.)

### ■ BORROWER(s)' TOTAL MONTHLY DEBT RATIO

Whether Detailed Income and Expense information or Summary Income and Expense Information was submitted, the Monthly Debt Ratios were calculated by taking the borrower(s)' Monthly Gross Expenses and dividing them by the Monthly Gross Income. (The Monthly Gross Expenses include the borrower(s)' Total Housing Payments plus all Recurring Non-Housing Monthly Obligations.)

### ■ BORROWER(s) FINANCIAL INFORMATION

Although verbal financial information (assumed to be no more than 90 days old at the time of this review) may have been some of the data that was submitted to determine the overall loan modification options and eligibility, no independent or supporting documentation has been collected and/or evaluated as part of this analysis. Updated credit reports for each borrower and co-borrower were not independently obtained to validate the submitted FICO score(s), installment debts and/or any other lien related information. If FICO score(s) were not supplied as part of the input for review, the average credit score for the subject property's state (as provided by www.CreditReport.com) was utilized.

## INFORMATION ABOUT THE AVM USED FOR THIS ANALYSIS

The AVM vendor used in this Analysis to determine the current property's market value was: NREIS

*NREIS conducts nationwide tests of all the AVMs that they offer in order to determine which AVMs perform best in each geographic area. They then use a geographically based cascading approach. Geographic cascading means that there are many cascades set up behind the scenes. Which cascade is utilized is based on the geographic location of the property being evaluated. For example, in California the orders may cascade through VeroValue, then ValueSure, then CASA until a report is returned. In Ohio, the order may be completely different (perhaps a ValueSure, ValuePoint4 or i-Val property evaluation). The best performing AVM in each geographic area is ordered first. If it cannot return a valuation on the property with a high enough confidence score, the second best model in the area is ordered, and so on.*

Provider	Model	Definition
Fidelity	ValueSure	ValueSure™ utilizes more than 20 years of historical property data and sales information from more than 1,100 U. S. Counties, and data from 85 percent of property ownership records nationwide, resulting in superior geographic coverage and data depth. Data, including appraisal information from Lender's Service, INC (LSI), and public record information from FIS Data Services property database, is used to develop ValueSure™ estimates. ValueSure™ information is updated continuously, giving you the most up-to-date data at all times.
Fidelity	SiteXValue	SiteX Value Reports are based on information from the FNIS/LexisNexis database. The database is compiled from tax assessor, deed and mortgage data from over 1,200 counties, representing more than 80 percent of the nation's property ownership records. SiteXValue incorporates a dynamic multi-discipline hybrid that uses five different models in its calculations. It also features built-in review algorithms to help assure accurate estimates.
First American	HPA (Home Price Analyzer)	HPA is a hybrid automated valuation utilizing Hedonic, Location Based, and Index Based valuation methods. HPA searches from over 200 million historical residential sales.
First American	PASS (Property Analytical and Statistical Summation)	HPA is a hybrid automated valuation utilizing Hedonic, Location Based, and Index Based valuation methods. HPA searches from over 200 million historical residential sales.
First American	VP4 (ValuePoint4)	ValuePoint 4 is a hybrid model utilizing the hedonic valuation method, repeat sales indexes, and a patented neural net technology which adapts to changing market conditions.
First American	PB6 (PowerBase 6)	PowerBASE 6 combines the power of two proprietary engines (HPA and PASS) to simultaneously calculate a more accurate and reliable property valuation.
Fiserv	CASA	CASA leverages multiple, market-specific analytic approaches to quickly deliver objective and reliable home values in real time.
Real-Info	i-Val	The i-Val Report takes advantage of the Real-Info database through a rules-based, expert systems model to instantly arrive at a predicted market value for a particular residential property using indexed and hedonic methodologies.
Real-Info	realAssessment	A retrospective version of the realAssessment AVM. The report utilizes comparables available as of a user specified date in the past and provides an estimated value as of that date.
TransUnion	CMV (Collateral Market Value)	Collateral Market Value applies cutting-edge analytics, geo-statistical formulas, and advanced algorithms combined with multiple data sources to provide fast, accurate property valuations nationwide.
Veros	VeroVALUE	VeroVALUE is a neural network model combining multiple advanced predictive technologies. Reports include an estimated value, a valuation range, the tax assessor's indication of value where appropriate, subject property information, and comparable sales. This valuation tool is a "blended model" that draws upon a combination of hedonic, index, and various hybrid valuation methodologies. The valuation method is backed by predictive technologies including Neural Network, Linear and Non-Linear Regression, Econometric and Statistical Non-Regression-Based Time Trend, Data Mining, Statistical Discrete and Statistical Fuzzy Clustering, Probabilistic, Bayesian, and Optimization approaches and utilizes more than fifteen different proprietary valuation methods on any given subject property.

### Short Sale Overview

While HAMP and other Loan Modification program guidelines are intended to assist a broad range of at-risk borrowers, it is expected that in certain situations borrowers may wish to, or need to, consider other foreclosure prevention options (for example, if the borrower was unable to be approved for a HAMP modification request, or a HAMP modification is offered, but not acceptable to the borrower, or if the borrower falls out of a prior HAMP loan modification arrangement.)

In these instances, the borrower may benefit from a Short Sale option which enables the borrower to transition to more affordable housing and avoid the negative impacts of a foreclosure.

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### How a Short Sale Works

In a short sale, the servicer will allow the borrower to list and sell the mortgaged property with the understanding that the net proceeds from the sale may be less than the total amount due on the mortgage. The servicer will accept the short payoff as full satisfaction of the total amount due on the mortgage.

#### Pre-Sale

The servicer will typically start by approving a list price for the home, or provide an acceptable sales proceeds amount (the minimum amount, after costs, that the servicer will accept) from the sale of the home. They will also usually identify the sales costs (broker commissions, closing costs etc.) that may be deducted from the final sales price.

#### Minimum Acceptable Net Proceeds

In a short sale, the servicer will allow the borrower to list and sell the mortgaged property with the understanding that the net proceeds from the sale may be less than the total amount due on the mortgage. The servicer will accept the short payoff as full satisfaction of the total amount due on the mortgage.

#### Allowable Transaction Costs

In determining the minimum net, the servicer will also consider reasonable and customary real estate transaction costs for the community in which the property is located and determine which of these costs the servicer or investor is willing to pay from sale proceeds.

#### Offer

Once the borrower receives an offer on the home, they submit the required documentation to the servicer.

#### Closing

Once the sale closes, the borrower is released from all responsibilities of paying their mortgage. In many situations, they may also receive some funds to help pay for their moving expenses.



### **Eligibility/Consideration for the HAFA Short Sale Program**

Under the Government's Home Affordable Modification Program, servicers must consider eligible borrowers for a HAFA Short Sale within 30 calendar days of the date the borrower:

- Does not qualify for a HAMP Trial Period Plan
- Does not successfully complete a Trial Period Plan
- Is delinquent on a HAMP modification by missing at least two consecutive payments, or
- Requests a Short Sale

### **Borrower-Initiated Approval for a HAFA Short Sale**

In the event that a borrower has an executed sales contract and requests the servicer to approve a short sale, the servicer 'must' evaluate the borrower for HAFA. The borrower needs to submit the request to the servicer in the form of an Alternative Request for Approval of Short Sale (Alternative RASS). Upon receipt of the Alternative RASS, the servicer must determine the basic eligibility of the borrower. If the servicer approves the short sale, then the loan qualifies for the HAFA program.

If the borrower appears to be eligible and was not previously considered for a Trial Period Plan, the servicer must also notify the borrower verbally or in writing of the availability of a HAMP loan modification and allow the borrower up to 14 calendar days from the date of the notification to contact the servicer by verbal or written communication and request consideration for a HAMP modification.

### **Release of First Mortgage Lien Sale Program**

The servicer must release its first mortgage lien within ten business days (or earlier if required by state or local laws) after receipt of sale proceeds from a short sale. Additionally, the investor must waive all rights to seek a deficiency judgment and may not require the borrower to sign a promissory note for the deficiency.

### **Release of Subordinate Liens**

It is the responsibility of the borrower to deliver clear marketable title to the purchaser or investor and to work with the listing broker, settlement agent and/or lien holders to clear title impediments. The servicer may, but is not required to, negotiate with subordinate lien holders on behalf of the borrower. The servicer, on behalf of the investor, can authorize the settlement agent to allow up to an aggregate of \$3,000 of the gross sale proceeds as payment(s) to subordinate mortgage/lien holder(s) in exchange for a lien release and full release of borrower liability.

### **Suspension of Foreclosure Sales Program**

At the servicer's discretion, the servicer may still initiate foreclosure or continue with an existing foreclosure proceeding during the HAFA process, but may not complete a foreclosure sale:

- While determining the borrower's eligibility and qualification for HAMP or HAFA
- While awaiting the timely return of a fully executed Short Sale Agreement (SSA)
- During the term of a fully executed Short Sale Agreement (SSA)
- Pending transfer of property ownership based on an approved sales contract per the RASS or ARASS

### **Partial Mortgage Payment**

The servicer may require partial mortgage payment (which they may determine, - but not to exceed 31% of the borrower's gross income) until the house is sold and title is transferred. While the borrower is selling their home, they still legally owe the full amount of the mortgage payment. This reduced payment, though not considered a modification to the mortgage, would be made until the house is sold or the Short Sale Agreement expires.

### **Borrower Fees**

Servicers may not charge the borrower any administrative processing fees in connection with HAFA. The servicer must pay all out-of-pocket expenses, including but not limited to notary fees, recordation fees, release fees, title costs, property valuation fees, credit Supplemental Directive, report fees or other allowable and documented expenses. (The servicer may add these costs to the outstanding debt in accordance with borrower's mortgage documents and applicable laws in the event the short sale is not completed.)



## PROPOSED SHORT SALE TERMS

### PROPOSED SHORT SALE AGREEMENT/TERMS

Short Sale Terms and Conditions will vary from Servicer to Servicer. In their final form, they will be more comprehensive and detailed than the ones outlined below, but based on the submitted information, the following Short Sale Terms would be compliant with current HAFA Short Sale Guidelines and/or are indicative of Short Sale Agreements commonly executed in the industry today:

- ▶ The closing/funding date should be no less than 120 calendar days from the Short Sale Agreement effective date.
- ▶ The contracted sales price is not less than \$445,500.00
- ▶ The Real Estate Agent's Commission Amount is not greater than \$26,730.00
- ▶ The Settlement/Escrow Attorney charges to be withheld from the net proceeds check are not greater than \$8,910.00 (Any additional fees/costs associated with the sale must be negotiated among and paid for by the Seller, buyer, and /or Real Estate Agent.)
- ▶ The Net Proceeds (Short Sale Pay Off) to the servicer at closing are not less than \$409,860.00
- ▶ Within 24 hours (one business day) after closing, the closing agent/attorney are to forward to the servicer:
  - o A copy of the fully executed sales contract.
  - o A copy of the fully executed HUD-1 Settlement.
  - o Good Funds (Net Proceeds) made payable to the servicer in an amount of not less than \$409,860.00
- ▶ Upon successful closing of an acceptable Short Sale, the borrower would be entitled to a relocation incentive of \$1,500
- ▶ A monthly mortgage payment may be required from the borrower during the term of the Short Sale Agreement. The monthly mortgage payment, if any, is negotiable but may never exceed 31% of the borrower's gross monthly income ( is 31% of the submitted \$7,500.00 gross monthly income).

## ADDITIONAL LOAN DISPOSITIONS/MODIFICATION(S) CONSIDERED

In addition to evaluating the submitted borrower/loan information for the Home Affordable Modification Program (HAMP) and the Home Affordable Foreclosure Alternative (HAFA) short sale, additional disposition option(s) were also considered and are being presented as part of this analysis.

The HAMP loan modification option is already one of the most lenient and affordable programs currently available in the industry today (but it does have certain eligibility restrictions). Rather than analyzing/presenting additional loan modification alternatives that are either less affordable for borrowers than HAMP, or presenting 'unrealistic' terms that are unlikely to even be considered and/or granted by loan servicers, the option(s) evaluated below were designed to present viable loan modification alternatives for borrowers/servicers looking to negotiate/establish mutually beneficial loan workouts.

### FLEX MOD OPTION

The Flex Mod Option (not a program name that a servicer would recognize) is designed to mirror HAMP's basic rate/term/NPV calculations while allowing for more flexible eligibility criteria. The Flex Mod Option follows the same basic waterfall, term and rate guidelines of the HAMP program:

- The Current Interest Rate of the specified loan is first decreased in .125% increments to not less than 2% (while the existing remaining loan term remains unchanged)
- If needed, the term is extended to 480 months (or more if the existing loan term is already longer)
- The Unpaid Principal Balance (UPB) is reduced until the resulting ratio of the monthly mortgage payment to the borrower(s)' gross income is equal to 31%.

However, in this loan modification alternative, certain HAMP restrictions are replaced with more 'flexible' tolerances and variances:

- There is no restriction on when the loan was originated
- The property securing the loan does not have to be the borrower(s)' primary residence and/or be currently occupied
- The Unpaid Principal Balance (UPB) of the loan can be more than the usual limit of \$729,750 set for Single Family Residences
- The current monthly payment CAN be lower than 31% of the borrower(s)' gross income
- The new loan terms do not need to result in at least a 6% reduction in the borrower(s)' monthly payment
- The Unpaid Principal Balance (UPB) of the loan can be more than the usual limit set for the Property Type (e.g. \$729,750 limit for a Single Family Residence)
- The resulting Loan to Value (LTV) ratio of the new interest bearing balance compared to the new Estimated Market Value of the subject property can be lower than 100%

### FINDINGS

**PASSES - The following loan terms qualify using these parameters**

Workout Option	Result	New Rate	New Term	New Balance	New Payment
Flex Mod	Pass	3.500%	323	\$495,000.00	\$2,368.16

### PROJECTED NPV COMPARISON

The projected NPV for this Loan Modification Option is: \$456,844.00

The projected NPV if this property goes into FORECLOSURE is: \$448,141.61

The difference is: \$8,702.39

**LOAN DISPOSITION HIERARCHY**

**Typical Investor/Servicer Loss Mitigation Strategies are to:**

1. Collect All Funds if possible

Any resolution that achieves the collection of all funds and/or arrearages due provides the best possible outcome for the servicer. A loan Reinstatement is preferred over any Repay to Cure option since it brings the borrower current on the loan much faster.

2. Capture the Maximum Amount of Funds Due over time

There are various Repayment Plans, including Loan Modifications, Repayments to Disposition, Repayments to Defer and Repayments to Review to ultimately bring the borrower current.

3. Disposition of the Asset

If no Reinstatement, Loan Modification, Refinance or Repayment plans are possible, the remaining workout options might include a Short Sale, Deed-in-Lieu and/or a Recommendation to Foreclose.

The following findings summarize the qualifying loan disposition options that were determined from this analysis:

**ELIGIBLE LOAN MODIFICATION OPTION(S):**

Workout Option	Result	Projected NPV	New Monthly Payment	New Rate	New Term	New Balance
Flex Mod	Pass	\$456,844.00	\$2,368.16	3.500%	323	\$495,000.00
HAMP	Pass	\$456,844.00	\$2,368.16	3.500%	323	\$495,000.00

**SHORT SALE ALTERNATIVE:**

The Projected Sales Price would be close to: \$445,500.00

The Estimated Net Proceeds (Short Sale Pay Off) to the servicer at closing: No less than \$409,860.00

**FORECLOSURE:**

The projected NPV (for the servicer) if this property goes into FORECLOSURE would be: \$448,141.61 (This NPV calculation is based on HAMP's method for calculating the NPV for a loan not being modified and defaulting.)

*Please note:*

*The potential options listed above attempt to strike a balance between what an Investors'/Servicers' interests might be and the borrower(s)' projected capacity to afford and perform on the existing or modified loan. Not all investors/servicers may be willing to consider any/all of the proposed options and/or terms outlined in this analysis. Servicers' assumptions and calculations may also vary. Certain workout options that may have been considered as part of this analysis (e.g. a Flex Mod or Cap Mod option) were developed to convey reasonable loan modification terms and rates. (Servicers would not recognize these program names.)*

*This report is for informational purposes only. If this analysis is shared with borrowers it is recommended that it only be done in conjunction with professional counseling and/or legal advice which would assist the borrower(s) in understanding these findings.*

*Real Estate Services and Technology is an independent provider of this information. It is not responsible for any consultative or legal advice or services which might be offered or rendered in conjunction with the information contained in this report. It is not responsible for any actions recommended to, or taken by, the homeowner or servicer.*

## LOAN DISPOSITION ANALYSIS - REASONS FOR INELIGIBILITY

The following section provides a view of the loan disposition alternatives that were considered as part of this analysis but were found to be ineligible.

Since loan workout alternatives can fail for a variety of (often interdependent) reasons, not ALL of the failure reasons will be listed in the table of findings below. These intermediate calculations and reasons for ineligibility/failure provide a view into the decisioning logic/process and are often used by our analysts when reviewing the results of individual case files with our clients.

### INELIGIBLE LOAN WORKOUT OPTION(S):

Potential Workout	Result	Analysis and Findings - Reasons for Failure
Cap Modification	Fail	Rate Reduction (Floor Rate 4%) Failed. Term Extension (360 months) with a Floor Rate of 4% Passed. Monthly Savings of \$639.79 from Current PI of \$3003 to a Reduced PI of \$2363.21, Current Interest Rate of 7.25% being reduced by 3.25% to 4%, Modified Term is 360 months (360 month(s) extension). Based on eligibility criteria borrower payment is affordable (Surplus: \$2497) .