



## Second Lien Modification Program

Back in August, the Treasury Department introduced the Second Lien Modification Program (referred to as 2MP), a program designed to work in tandem with HAMP. Together, HAMP and 2MP create a comprehensive solution to help achieve greater affordability by lowering payments on both first and second mortgages loans.

Under 2MP, when your first lien is modified under HAMP and the servicer of the second lien is a 2MP participant, that servicer must offer either to modify your second lien according to a defined protocol or to accept a lump sum payment from Treasury in exchange for full extinguishment of the second lien.

The 2MP offer will be made in reliance on the financial information you give your lender in conjunction with your HAMP modification and without additional evaluation by the second lien servicer.

This article discusses implementation of 2MP for second liens not owned or guaranteed by Fannie Mae or Freddie Mac (Non-GSE Second Liens). Servicers of second liens that are owned or guaranteed by Fannie Mae or Freddie Mac should contact their servicer for more information.

### Is My Loan eligible?

1. Only second liens with corresponding first liens that have been modified under HAMP are eligible for a modification or extinguishment under 2MP.
2. Second liens originated on or before January 1, 2009 are eligible for a modification or extinguishment under 2MP.
3. Only second liens with an unpaid principal balance (at initial consideration for the second lien modification) equal to or greater than \$5,000 are eligible for modification incentive or cost share payments under 2MP. There are no unpaid principal balance limitations for investor incentive payments in conjunction with extinguishment of second liens under 2MP.
4. A second lien may be modified only once under 2MP.
5. A mortgage loan that is subordinate to a second lien is ineligible under 2MP. Modification or extinguishment of such a subordinate mortgage loan in place of the second lien will not satisfy the servicer's obligation under 2MP to modify or extinguish the second lien.



6. If a second lien is modified under 2MP, it is not eligible for payment of extinguishment incentives under 2MP.
7. A home equity loan that is in first lien position is not eligible under 2MP and should be evaluated for modification under HAMP
8. A mortgage lien that would be in second lien position but for a tax lien, a mechanic's lien or other non-mortgage related lien that has priority is eligible under 2MP.
9. A second lien on which no interest is charged and no payments are due until the first lien is paid in full (e.g., FHA partial claim liens and/or equity appreciation loans) is not eligible under 2MP.
10. Borrowers may be accepted into the program if a fully executed 2MP modification agreement or trial period plan is in the servicer's possession on December 31, 2012.

## **Coordination with Other MHA Programs**

To ensure alignment of all programs within the Making Home Affordable Program, participating servicers in 2MP must re-subordinate junior liens within their servicing portfolio to facilitate the modification of a first lien under HAMP or the refinance of a mortgage loan under the Home Affordable Refinance Program.

Please call your second lien holder and ask them about the information contained on document in addition to ways to apply or qualify.

**DISCLAIMER\***

\*FOR INFORMATION PURPOSES ONLY – WE ARE NOT CONFIRMING OR GUARANTEEING THAT THE INFORMATION HERE IS TRUE OR ACCURATE.

\*PLEASE VERIFY WITH YOUR LENDER OR SERVICER.