

Instructions Page

Purpose

Servicers of MPF Traditional loans owned by FHLB San Francisco may only offer temporary loan modifications that meet the requirements detailed in this Exhibit. The permanent loan modification provided for in the MPF Traditional Servicing Guide will only be considered on an exception basis after all other loss mitigation options have been considered. For such Servicers, this Exhibit and the attached forms (SG400 and SG401) **supersede** MPF Traditional Servicing Guide Section 9.2.4 Loan Modification and related forms.

All other Servicers may only offer the permanent loan modifications as provided for in the MPF Traditional Servicing Guide Section 9.2.4 Loan Modification.

Preparation

- **When:** Servicers of MPF Traditional loans owned by FHLB San Francisco must use this exhibit to ensure loan modifications offered to Borrowers meet MPF Program requirements.
- **Who:** This exhibit should be used by an employee of the Servicer who has responsibilities that would cause such individual to be knowledgeable of the facts and processes needed to determine a mortgage loan's eligibility for a workout.
- **How:** This exhibit should be used as a job-aid.

Additional Guidance

Please email the MPF Provider at MPFdefaultservicing@fhbc.com for any questions or assistance needed using this Exhibit.

Helpful Hints

- Form SG400 and Form SG401 are required forms (see Attachments A and B to this exhibit)

Temporary Loan Modifications

Temporary Loan Payment Modification Plan Requirements

1.1 Description

The intent of a loan modification is to eliminate the arrearage and provide the Borrower, who is in default or facing imminent default, with a monthly loan obligation that is affordable and sustainable. A temporary loan payment modification plan (Modification Plan) may be an appropriate loss mitigation option only after all other loss mitigation options have been exhausted or determined to be ineffective given the Borrower's circumstances.

1.2 Temporary Loan Payment Modification Plan Eligibility

This section describes the eligibility and other requirements that must be met prior to offering a Temporary Loan Payment Modification Plan.

1.2.1 Prior Approvals (4/30/20)¹

In addition to ensuring the Modification Plan meets all requirements in this chapter, the Servicer must obtain approval from the applicable primary and/or supplemental mortgage insurer prior to the Borrower's execution of the modification agreement. In addition, the Servicer must submit the required documentation (See Section 9.2.6) to the MPF Provider and receive approval prior to sending the modification agreement to the Borrower for signature. Servicer must allow for a minimum of 5 Business days processing of such requests.

Under no circumstance will a modification be approved which adversely affects the MPF Bank's first lien.

1.2.2 Mortgage Loan Eligibility

To be eligible for a Modification Plan, the Mortgage Loan must be:

- A Conventional Loan;
- In default or in imminent danger of default because the Borrower's income has involuntarily declined and/or expenses have unexpectedly increased;
- Not previously modified except for modifications allowed in accordance with the Guides for re-amortizations and Note modifications;
- Serviced other than under one of the following:
 - One Mortgage Partners, LLC Mortgage Pass-Through Certificates MPF Shared Funding™ Program Series 2003-1 Trust; or
 - One Mortgage Partners, LLC Mortgage Pass-Through Certificates MPF Shared Funding Program Series 2003-2 Trust.
- In first lien position, as verified by a title search, and remain in first lien position during and after the Modification Plan;

¹ MPF Announcement 2020-25 (4/30/20)
MPF Announcement 2017-72 (12/5/17)

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- Current on all property taxes or assessments; and
 - Unencumbered by any recent subordinate liens.

If the Borrower recently obtained a subordinate mortgage, the Servicer must determine the purpose of the subordinate mortgage, the status of the mortgage proceeds and whether the proceeds may be used to cure or reduce the Delinquency on the Mortgage Loan.

1.2.3 Mortgaged Property Eligibility

To be eligible for a Modification Plan, the Mortgaged Property must be:

- A Primary Residence; and
- Not condemned.

The Servicer is required to complete a property inspection to validate the occupancy status of the Mortgaged Property within ninety (90) days of the Modification Plan request. If the property does not meet the eligibility requirements, Servicers must submit an exception request to the MPF Provider.

1.2.4 Borrower Eligibility

To be eligible for a Modification Plan:

- The Borrower(s) must be the same Borrower(s) that signed the Mortgage Note; or
- The individual executing the Modification Plan must have acquired interest in the Mortgaged Property as a result of a transfer of ownership that was exempt from the Due-On-Sale Clause.

1.2.5 EPD Loans

The Servicer must obtain its MPF Bank's approval prior to pursuing a Modification Plan for any EPD Mortgage Loan by submitting the MPF Provider Quality Control Department's quality control review report showing a determination that the Mortgage Loan was eligible for sale under the MPF Program and was of investment quality.

1.2.6 Required Documentation (10/12/21)²

The Servicer must collect the following documentation and permanently retain it in the Mortgage Loan File:

- Workout Worksheet (Form SG354);
- Borrower Hardship Certification (Form SG402);
- Income verification in accordance with the requirements described in the Selling Guide;

² MPF Announcement 2021-71 (10/12/21)
MPF Announcement 2020-81 (12/8/20)
MPF Announcement 2017-37 (7/24/17)

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- IRS Form 4506-C executed by the Borrower;
- Borrower's tax return transcripts obtained from the IRS;
- Asset documentation in accordance with the Selling Guide and any other documentation necessary to fully document the Borrower's financial situation;
- A new credit report that meets the requirements in the Selling Guide;
- Reaffirmation Agreement or approval from Trustee if Borrower was previously in bankruptcy;
- Approval to pursue a Modification Plan from the Servicer's MPF Bank if the Mortgage Loan is an EPD; and
- Any other documentation used to process and evaluate the Modification Plan request, including but not limited to, documentation of the causes of a Borrower's hardship, such as medical bills, divorce decree, etc.

1.2.7 Underwriting the Modification Plan (4/30/20)³

The Servicer is required to analyze the Modification Plan request from a Borrower to determine whether a modification would feasibly permit the Borrower to cure or avoid a Delinquency. The goal of a modification is to provide a payment, which under the Borrower's current circumstances, is affordable and sustainable. Therefore, the Borrower's monthly housing expense ratio should not exceed 31%, including any subordinate financing payments.

In situations where a Borrower does not meet the requirements for a Modification Plan, the Servicer should deny the Borrower's modification request. However, if the Servicer feels special consideration is warranted, the Servicer may submit a proposed alternative to the MPF Provider for review via eMAQCS Plus, clearly indicating that the proposal is outside the requirements of the Modification Plan and specifying terms the Servicer proposes.

Where the Borrower's current housing expense ratio exceeds 31%, the Mortgage Loan is in default or facing imminent default, and a Modification Plan appears feasible to cure or avoid a Delinquency, the Servicer will need to consider several modification terms in order to achieve a target housing ratio of 31% under the Modification Plan, cumulatively if necessary, in the exact following order:

1. If the Borrower is able to make a cash contribution, it must be applied pursuant to the Note and Applicable Law.
2. Capitalize remaining delinquent interest (costs, fees or escrow items should not be capitalized) by adding it to the unpaid Principal Balance. However, if this capitalization would result in a Principal Balance exceeding the original Principal Balance funded by the MPF Bank, all the delinquent interest should be written off.

The Servicer must submit a Calculation of Realized Loss or Gain (Form SG332) to request reimbursement of any delinquent interest write offs, which will be allocated as a Realized Loss

³ MPF Announcement 2020-25 (4/30/20)
MPF Announcement 2017-03 (1/30/17)

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in accordance with the terms of the Master Commitment based on the requirements of the applicable MPF Mortgage Product.

3. Reduce the Principal and Interest payments for up to thirty-six (36) months, based on an amortization schedule up to 40 years (480 months) from the original Note date. At the end of the thirty-six (36) month term, the original Principal and Interest payments stated in the Note are re-instated, unless another Modification Plan is approved. The full Principal Balance of the Mortgage Loan, including any capitalized interest, will be due and payable on the original loan maturity date. Please note that the scheduled payments do not fully amortize the modified Mortgage Loan and will result in a balloon payment being due at maturity.
4. Reduce for up to thirty-six (36) months the interest rate in 0.125% increments below the original Note Rate, to a floor rate of 3.00%.

If the Borrower has any subordinate loans that are owned by the Originator, the Servicer or their respective affiliates, the subordinate loan must also be modified to an equivalent of the terms of the Modification Plan, until the target 31% housing expense ratio is met.

If the Borrower's total debt ratio exceeds 50% after the Mortgage Loan has been modified, the Servicer must require credit counseling for the Borrower through a HUD-approved agency.

1.3 Modification Plan Terms (8/8/22)⁴

This section covers the terms for each Temporary Loan Modification Plan.

1.3.1 Document Execution

Prior to implementing a Modification Plan, the Servicer must complete, but not sign, the following documents:

- Loan Workout Plan (Form SG400), which implements an initial three (3) month trial period;
- Temporary Loan Payment Modification Agreement (Form SG401);
- Workout Worksheet (Form SG354); and
- All required disclosures.

The Servicer must submit all necessary documentation to the MPF Provider for review and receive approval prior to sending any documentation to the Borrower for signature.

Once the Modification Plan is approved, the Servicer must send Forms SG400 and SG401 for the Borrower's signature. After the Borrower returns the signed forms, the Servicer must then sign the Form SG400 and provide a copy of the signed form to the Borrower.

1.3.2 Initial Trial Period

Once the Loan Workout Plan (Form SG400) and the Temporary Loan Modification Agreement (Form SG401) are executed by the Borrower, and the Loan Workout Plan (Form SG400) is

⁴ MPF Announcement 2022-37 (8/8/22)

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executed by the Servicer, the Borrower will be given a trial period of three (3) months, during which their new modified payments must be made on time as described in the Loan Workout Plan (Form SG400). The Servicer must hold the modified trial period payments in suspense status as “unapplied funds” in the T&I Custodial Account, until all three (3) payments are made as agreed, at which point the Servicer must apply the three (3) payments to the Mortgage Loan in accordance with the terms of the Temporary Loan Payment Modification Agreement.

If the Borrower fails to make any of the trial period payments on time or fails to meet any other requirements of the trial period as stipulated in the Loan Workout Plan (Form SG400), the Modification Plan will be immediately terminated, which includes cancellation of any proposed capitalization or write-off of delinquent interest and a return to the original Note Rate and terms, P&I payments, interest rate, and amortization schedule.

If the Borrower meets all the requirements of the trial period as stipulated in the Loan Workout Plan (Form SG400), the Servicer can modify the loan payments for the next thirty-three (33) months.

1.3.3 Temporary Plan Period

After successful completion of a trial period, the Servicer can modify the loan payments for an additional thirty-three (33) months by signing the original Temporary Loan Payment Modification Agreement (Form SG401), and sending a copy of the fully executed Form SG401 and any required disclosures to the Borrower, and retaining the fully executed original Form SG401 in the Mortgage Loan File.

The three (3) trial period payments held in suspense must be applied in accordance with the Temporary Loan Payment Modification Agreement (Form SG401) terms.

If the Borrower fails to make a timely payment or fails to meet any other requirements of the Modification Plan as stipulated in the Temporary Loan Payment Modification Agreement (Form SG401) at any point during this additional thirty-three (33) month period, they are not eligible for another Modification Plan.

If the Borrower successfully makes all payments on time and meets all other requirements of the Modification Plan as stipulated in the Temporary Loan Payment Modification Agreement (Form SG401) during the thirty-three (33) month period, then the Borrower may be reviewed for one additional thirty-six (36) month Modification Plan.

No later than six (6) months prior to the expiration of the thirty-three (33) month period, the Servicer must analyze the loan history and the Borrower’s current circumstances to determine which of the following three (3) options to pursue:

1. Allow the Modification Plan to expire and return the Mortgage Loan to the original interest rate provided on the Note, P&I payments, and amortization schedule;
2. Submit request to the MPF Provider with all required documentation and allow at least 5 Business days for review, to allow Borrower to be considered for an additional thirty-six (36) month Modification Plan, and receive approval; or
3. Offer the Borrower some other loss mitigation option.

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The analysis must be completed prior to the expiration of the thirty-three (33) month period to ensure transition from the expiring Modification Plan to the next stage without any lapse.

1.3.4 Extension of the Modification Plan

To extend a Modification Plan by an additional thirty-six (36) month, the Servicer must submit to the MPF Provider at least 5 Business Days prior to expiration of the Modification Plan, a file updated with the Borrower's current information, including completed Forms SG400, SG401 and SG354, along with all documents as stated in the Required Documentation section, and receive approval prior to sending to the Borrower for signature.

If the request is not approved, the Servicer must allow the Modification Plan to expire and return the Mortgage Loan the original interest rate provided on the original Note, P&I payments, and amortization schedule.

1.3.5 Servicer Obligations (1/30/17)⁵

If the Mortgage Loan is covered by primary and/or supplemental mortgage insurance (MI), the Servicer is required to notify the MI company of the loan modification in accordance with MI company requirements and obtain the approval of the MI company to the modification. The Servicer must ensure the MI is maintained and pay any MI premiums based on the Principal Balance.

Once the Modification Plan is executed, the Servicer must collect Escrow Funds from the Borrower. If the Borrower does not have an Escrow Account, one must be established and in place for the remaining life of the Mortgage Loan.

Any late charges incurred by the Borrower prior to the implementation of the Modification Plan must be waived.

No referral fees, as defined by RESPA, are allowed in connection with Modification Plans.

1.3.6 Recording Requirements (12/11/18)⁶

When completed, Form SG401 must be in recordable form, but only needs to be recorded if:

- State or local law requires modifications to be recorded in order to be enforceable or maintain lien priority; or

The modification includes an assignment of rents/lease provisions. The Servicer must also obtain a title endorsement or similar title insurance product issued by a title insurance company if the Form SG401 will be recorded.

The Servicer is not authorized to modify Form SG401 in any way, other than as required to comply with Applicable Law. In the event that compliance with Applicable Law requires making substantive changes to Form SG401, the Servicer may not implement the Modification Plan.

⁵ MPF Announcement 2017-03 (1/30/17)

⁶ MPF Announcement 2018-60 (12/11/18)

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The Servicer must obtain subordination agreements from other lien holders when recordation is required to maintain first lien position. If the Servicer is unable to obtain all necessary subordination agreements, the Servicer may not implement the Modification Plan.

The Servicer shall satisfy all requirements of the mortgage insurer and shall forward a copy of the Temporary Loan Payment Modification Agreement (Form SG401) to the applicable mortgage insurer.

1.4 Reporting Requirements

This section covers the requirements for reporting the Temporary Loan Modification Plan.

1.4.1 Reporting to the MPF Provider

The Servicer must notify the MPF Provider within one (1) Business Day following the execution by all parties of the Loan Workout Plan (Form SG400) or the Temporary Loan Payment Modification Agreement (Form SG401). During the period that the Modification Plan is in effect, the Servicer must electronically report an Action Code of '12' in their Monthly Accounting Reports to the MPF Provider.

When the Modification Plan is terminated or expires, the Servicer must notify the MPF Provider within one (1) Business Day of the termination or expiration. The Servicer must remove the Action Code of '12' and report an appropriate Action Code or null in their Monthly Accounting Reports to the MPF Provider.

1.4.2 Credit Reporting Requirements

Servicers must continue reporting to the four credit bureaus. The Servicer should be reporting the modified Mortgage Loan as follows:

- If the Borrower is current when the Loan Workout Plan (Form SG400) is executed and is making timely modified payments at the time of report, the Servicer should report the Borrower current but on a modified payment;
- If the Borrower is delinquent when the Loan Workout Plan (Form SG400) is executed, the Servicer should report in a manner to accurately report the Delinquency and the workout status according to usual and customary reporting standards; and
- If at any time the Borrower becomes delinquent under the Modification Plan, the Servicer should accurately report the Delinquency and the termination of the workout or modification status as applicable.

1.4.3 Tax Reporting

The Servicer will be responsible for completing certain forms or providing other information required under the IRS Code, and/or by state taxing authorities for temporary loan modifications. If at any time, any debt, as defined by the Code or state authorities, is canceled, the Servicer shall forward to each Borrower and the IRS, such forms and information within the control of the Servicer as are required by the Applicable Laws.

1.4.4 Disclosures and Notices

Some actions taken by Servicers in the context of reviewing and granting modifications may necessitate the use of certain federal or state required disclosures. Servicers are responsible for ensuring that all disclosures and notices required under Applicable Law (e.g. ECOA, TILA, RESPA, FCRA, and FDCPA) are provided to the Borrowers, and if applicable, any individuals with interest in the Mortgaged Property.

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ATTACHMENT A

SG400

Loan Workout Plan Loan Workout Plan

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Purpose

Servicers of MPF® Traditional Mortgage Loans must use this form in order to implement a trial period for a Temporary Loan Payment Modification in accordance with MPF Traditional Servicing Guide Chapter 8.

Preparation

- **When:** The Servicer must complete (but not sign) this form prior to implementing a trial period for a Temporary Loan Payment Modification.
- **Who:** This form must be completed by an employee of the Servicer who has responsibilities that would cause such individual to be knowledgeable of the facts and processes needed to complete this form and has authority to certify to the truthfulness and accuracy of the information on this form.
- **How:** The Servicer must use their own letterhead or blank letterhead for the Loan Workout Plan. The Servicer must complete (but not sign) the form and submit it to the MPF Provider for review prior to sending to the Borrower for signature. The form must be prepared for execution by all Borrowers on the Mortgage Loan, ensuring sufficient signature blocks are added for each Borrower.
- **Attachments:** The completed form must be accompanied by a completed Temporary Loan Payment Modification Agreement (Form SG401).

The Servicer should retain a copy of the completed form for their own records.

Submission

- **When:** The Servicer must submit the completed (but not signed) form to the MPF Provider prior to presenting the document to the Borrower(s) and prior to implementing a trial period for a Temporary Loan Payment Modification.
- **How:** The Servicer must upload the form via eMAQCS® Plus at <https://eMAQCS.covius.com>.
- **To Whom:** The Servicer must submit the form to the MPF Provider

Additional Guidance

Please email the MPF Provider at MPFdefaultservicing@fhbc.com for any questions or assistance needed in completing or submitting the form.

Helpful Hints

- The Servicer must use their own letterhead or blank letterhead for the Temporary Loan Payment Modification Agreement.

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- See MPF Traditional Servicing Guide Chapter 9 for instructions on sending this form to the Borrower.
- Once the Borrower signs and returns the originals of the Loan Workout Plan (Form SG400) and the Temporary Loan Payment Modification Agreement (Form SG401), the Servicer must sign the originals of the Loan Workout Plan (Form SG400), returning one original to the Borrower and retaining the other original in the Mortgage Loan File

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Investor Loan # _____

LOAN WORKOUT PLAN

(Trial Period Prior to Temporary Loan Payment Modification –Step One of Two-Step Documentation Process)

Loan Workout Plan Effective Date (Beginning of Trial Period): _____

Borrower (“I”)⁷: _____

Lender/Servicer (“Lender”): _____

Date of first lien Security Instrument (“Mortgage”) and Note (“Note”): _____

Loan Number: _____

Property Address (“Property”): _____

If I am in compliance with this Loan Workout Plan (the “Plan”) and my representations in Section 1 continue to be true in all material respects, then the Lender will provide me with a Temporary Loan Payment Modification Agreement (“Modification Agreement”), as set forth in Section 3, that would amend and supplement (1) the Mortgage on the Property, and (2) the Note secured by the Mortgage. The Mortgage and Note together, as they may previously have been amended, are referred to as the “Loan Documents.” Capitalized terms used and not defined in this Plan have the meaning given to them in the Loan Documents.

I have provided (1) confirmation of the reasons I cannot afford my mortgage payment and (2) documents to permit verification of all of my income (except that I understand that I am not required to disclose any child support or alimony unless I wish to have such income considered) to determine whether I qualify for the offer described in this Plan (the “Offer”). I understand that after I sign and return two copies of this Plan to the Lender, the Lender will send me a signed copy of this Plan. This Plan will not take effect unless and until both I and the Lender sign it and Lender provides me with a copy of this Plan with the Lender’s signature.

1. **The Loan Workout Plan.** On or before each of the following due dates, I will pay the Lender the amount set forth below (“Trial Period Payment”), which includes payment for Escrow Items, including real estate taxes, insurance premiums and other fees, if any:

Trial Period Payment #	Trial Period Payment	Due Date
1	\$	
2	\$	
3	\$	

⁷ If there is more than one Borrower or Mortgagor executing this document, each is referred to as “I”. For purposes of this document words signifying the singular (such as “I”) shall include the plural (such as “we”) and vice versa where appropriate.

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I understand and acknowledge that during the period commencing on the date of this Plan and ending on the earlier of: (i) the first day of the month following the month in which the last Trial Period Payment is due (the "Trial Period") or (ii) termination of this Plan:

- A. TIME IS OF THE ESSENCE under this Plan. This means I must make all payments on or before the dates that they are due;
 - B. Provided I continue to meet the obligations under the Plan, foreclosure proceedings will be suspended or dismissed. Where permitted by law, any pending foreclosure action will not be dismissed and may be immediately resumed from the point at which it was suspended if this Plan terminates, and no new notice of default, notice of intent to accelerate, notice of acceleration, or similar notice will be necessary to continue the foreclosure action. All rights to such notices are being hereby waived by me to the extent permitted by applicable law;
 - C. The Lender will hold the payments received during the Trial Period in a non-interest bearing account until completion of the Trial Period. The Lender will apply these payments in accordance with Section 3 of this Plan if I complete the requirements of this Plan;
 - D. When the Lender accepts and holds a payment during the Trial Period it will be without prejudice to, and will not be deemed a waiver of, the acceleration of the loan or foreclosure action and related activities and shall not constitute a cure of my default under the Loan Documents unless such payments are sufficient to completely cure my entire default under the Loan Documents;
 - E. If prior to the end of the Trial Period, (i) the Lender does not provide me a fully executed copy of this Plan and the Modification Agreement; (ii) I have not made the Trial Period payments required under Section 1 of this Plan; (iii) the Lender determines that any of my representations in Section 2 were not true and correct as of the date I signed this Plan or are no longer true and correct at any time during the Trial Period, or (iv) I have not provided all information and documentation required by the Lender, or (v) I fail to meet any requirements required for modification, the Loan Documents will not be modified and this Plan will terminate. In this event, the Lender will have all of the rights and remedies provided by the Loan Documents, and any payment I make under this Plan shall be applied to amounts I owe under the Loan Documents and shall not be refunded to me; and
 - F. The Plan is not a modification of the Loan Documents.
 - G. If, under the Lender's procedures, a title endorsement(s) and/or subordination agreement(s) are required to ensure that modified Loan Documents retain first lien position and are fully enforceable, I understand and agree that the Lender will not be obligated or bound to make any modification of the Loan Documents or to execute the Plan if the Lender has not received an acceptable title endorsement(s) and/or subordination agreement(s) from other lien holders, as Lender determines necessary.
2. **My Representations and Covenants.** I certify, represent to Lender, covenant and agree as follows:

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- A. I am unable to afford my mortgage payments for the reasons indicated in my Hardship Certification and as a result, (i) I am either in default or believe I will be in default under the Loan Documents in the near future, and (ii) I do not have sufficient income or access to sufficient liquid assets to make the monthly mortgage payments now or in the near future;
 - B. One of the borrowers signing this Plan lives in the Property as a principal residence, and the Property has not been condemned;
 - C. There has been no impermissible change in the ownership of the Property since I signed the Loan Documents⁸;
 - D. I have provided to Lender documentation for **all** income that I receive (and I understand that I am not required to disclose any child support or alimony that I receive, unless I chose to rely on such income when requesting to qualify for the Offer);
 - E. Under penalty of perjury, all documents and information I have provided to Lender pursuant to this Plan, including the documents and information regarding my eligibility for the Plan, are true and correct; and
 - F. If Lender requires me to obtain credit counseling in connection with the Plan, I will do so.
3. **The Temporary Loan Payment Modification.** I understand that the Lender has determined the final amounts of unpaid interest and any other delinquent amounts (except late charges) to be added to my loan balance, after deducting from my loan balance any remaining money held at the end of the Trial Period under Section 1.D. above and the new payment amount. If (1) I comply with the requirements in Section 1; (2) my representations in Section 2 were and continue to be true in all material respects; (3) I provided Lender with all required information and documentation; and (4) the Lender determines that I qualify, the Lender will send me the Modification Agreement signed by the Lender which will contain the terms and conditions of the modification, including new payment amounts for an additional thirty-three (33) month period (thirty-six months cumulative in which the three payments applied under this Plan shall be applied in accordance with the terms of the Modification Agreement)

Upon execution of the Modification Agreement by the Lender, this Plan shall terminate and the Loan Documents, as modified by the Modification Agreement, shall govern the terms between the Lender and me for the remaining term of the loan.

4. **Additional Agreements.** I agree to the following:

- A. That all persons who signed the Loan Documents or their authorized representative(s) have signed this Plan, unless (i) a borrower or co-borrower is deceased; (ii) the borrower and co-borrower are divorced and the Property has been transferred to one spouse in the divorce decree, the spouse who no longer has an interest in the Property need not sign this Plan (although the non-signing spouse may continue to be held liable for the

⁸ A permissible transfer of the Property is any transfer that the Lender is required to allow, such as transfer covered by the Garn St. Germain Act, 12 U.S.C. Section 1701j-3, and including transfers (i) to a relative as a result of the borrower's death, (ii) to the borrower's spouse or child(ren), as long as the transferee will occupy the property, (iii) by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety, (iv) to a spouse under a divorce decree or legal separation agreement or from an incidental property settlement agreement, as long as the transferee will occupy the property, and (v) into an inter vivos trust, as long as the borrower is and will remain a beneficiary and occupant of the Property.

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obligation under the Loan Documents); or (iii) the Lender has waived this requirement in writing.

- B. That this Agreement shall supersede the terms of any modification, forbearance, Loan Workout Plan, or other loss mitigation option that I previously entered into with Lender.
- C. To comply, except to the extent that they are modified by this Plan, with all covenants, agreements, and requirements of Loan Documents, including my agreement to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments, the amount of which may change periodically over the term of my loan.
- D. That this Plan constitutes notice that the Lender's waiver as to payment of escrow items, if any, has been revoked. I have been advised of the amount needed to fund my escrow account and I agree to the establishment of an escrow account.
- E. That the Loan Documents are composed of duly valid, binding agreements, enforceable in accordance with their terms and are hereby reaffirmed.
- F. That all terms and provisions of the Loan Documents remain in full force and effect; nothing in this Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the Loan Documents.
- G. That I will execute such other and further documents as may be reasonably necessary to either (i) consummate the terms and conditions of this Plan; or (ii) correct the terms and conditions of this Plan if an error is discovered.
- H. That the Lender will only allow the transfer and assumption of the loan, including this Plan, to a transferee of my property in the case of my death, divorce or marriage to the same extent as permitted under the Garn St. Germain Act, 12 U.S.C. Section 1701j-3. This loan, including this Plan, may not, under any other circumstances, be assigned to, or assumed by, a buyer or transferee of the Property.
- I. That, as of the Trial Period, if any provision in the Note or in any addendum or amendment to the Note allowed for the assessment of a penalty for full or partial prepayment of the Note, such provision is null and void.
- J. That I will execute such other documents as may be reasonably necessary to either (i) consummate the terms and conditions of this Plan; or (ii) correct the terms and conditions of this Plan if an error is detected after execution of this Plan. I understand that a corrected Plan will be provided to me for my signature and this Plan will be void and of no legal effect upon notice of such error. If I elect not to sign any such corrected Plan, the terms of the original Loan Documents shall continue in full force and effect, such terms will not be modified by a Temporary Loan Payment Modification Agreement, and I will not be eligible for a modification under the Temporary Loan Payment Modification Plan.
- K. Mortgage Electronic Registration Systems, Inc. ("MERS") is a separate corporation organized and existing under the laws of Delaware and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, (888) 679-MERS. In cases where the loan has been registered with MERS who has only legal title to the interests granted by the borrower in the mortgage and who is acting solely as nominee for Lender and Lender's successors and assigns, MERS has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to

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take any action required of Lender including, but not limited to, releasing and canceling the mortgage loan.

- L. That if any document related to the Loan Documents and/or this Plan is lost, misplaced, misstated, inaccurately reflects the true and correct terms and conditions of the Loan, or is otherwise missing, I will comply with the Lender's request to execute, acknowledge, initial and deliver to the Lender any documentation the Lender deems necessary. If the Note is replaced, the Lender hereby indemnifies me against any loss associated with a demand on the Note. All documents the Lender requests of me under this Section 4.M. shall be referred to as "Documents." I agree to deliver the Documents within ten (10) days after I receive the Lender's written request for such replacement.

In Witness Whereof, the Lender and I have executed this Plan.

Lender (Seal)

Borrower Signature

By: _____
(Seal)

Date

Name

Co-Borrower Signature

Title

Date

Date

Temporary Loan Modifications

ATTACHMENT B

SG401

Temporary Loan Payment Modification Agreement

Instructions Page

Purpose

Servicers of MPF® Traditional Mortgage Loans must use this form in order to implement a Temporary Loan Payment Modification in accordance with MPF Traditional Servicing Guide Chapter 8.

Preparation

- **When:** The Servicer must complete (but not sign) this form prior to implementing a Temporary Loan Payment Modification.
- **Who:** This form must be completed by an employee of the Servicer who has responsibilities that would cause such individual to be knowledgeable of the facts and processes needed to complete this form and has authority to certify to the truthfulness and accuracy of the information on this form.
- **How:** The Servicer must use their own letterhead or blank letterhead for the Temporary Loan Payment Modification Agreement. The Servicer must complete (but not sign) the form and submit it to the MPF Provider for review prior to sending to the Borrower for signature. The form must be prepared for execution by all Borrowers on the Mortgage Loan, ensuring sufficient signature blocks are added for each Borrower.
- **Attachments:** The completed form must be accompanied by a completed Loan Workout Plan (Form SG400).

The Servicer should retain a copy of the completed form for their own records.

Submission

- **When:** The Servicer must submit the completed (but not signed) form to the MPF Provider prior to presenting the document to the Borrower(s) and prior to implementing a Temporary Loan Payment Modification.
- **How:** The Servicer must upload the form via eMAQCS® Plus at <https://eMAQCS.covius.com>.
- **To Whom:** The Servicer must submit the form to the MPF Provider.

Additional Guidance

Please email the MPF Provider at MPFdefaultservicing@fhlbc.com for any questions or assistance needed in completing or submitting the form.

Helpful Hints

- The Servicer must use their own letterhead or blank letterhead for the Temporary Loan Payment Modification Agreement.

Temporary Loan Modifications

- See MPF Traditional Servicing Guide Chapter 9 for instructions on sending this form to the Borrower.
- Once the Borrower successfully completes the trial period in accordance with the Loan Workout Plan (Form SG400), the Servicer must execute the originals of the Temporary Loan Payment Modification Agreement, sending one original to the Borrower and retaining the other original in the Mortgage Loan File.

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Temporary Loan Modifications

Investor Loan # _____

After Recording Return To:

This document was prepared by _____

_____ **[Space Above This Line Is For Recording Data]** _____

TEMPORARY LOAN PAYMENT MODIFICATION AGREEMENT

(Step Two of Two-Step Documentation Process)

Borrower ("I"):⁹ _____

Lender or Servicer ("Lender"): _____

Date of first lien Security Instrument ("Mortgage") and Note ("Note"): _____

Loan Number: _____

Property Address *[and Legal Description if recordation is necessary]* ("Property"):

If my representations and covenants in Section 1 continue to be true in all material respects, then this Temporary Loan Payment Modification Agreement ("Agreement") will, as set forth in Section 3, amend and supplement (1) the Mortgage on the Property, and (2) the Note secured by the Mortgage. The Mortgage and Note together, as they may previously have been amended, are referred to as the "Loan Documents." Capitalized terms used in this Agreement and not defined have the meaning given to them in the Loan Documents.

⁹ If there is more than one Borrower or Mortgagor executing this document, each is referred to as "I." For purposes of this document words signifying the singular (such as "I") shall include the plural (such as "we") and vice versa where appropriate.

Temporary Loan Modifications

I understand that after I sign and return two copies of this Agreement to the Lender, the Lender will send me a signed copy of this Agreement. This Agreement will not take effect unless the preconditions set forth in Section 2 have been satisfied.

1. **My Representations and Covenants.** I certify, represent to Lender, covenant and agree as follows:
 - A. I am experiencing a financial hardship, and as a result, (i) I am in default under the Loan Documents, and (ii) I do not have sufficient income or access to sufficient liquid assets to make the monthly mortgage payments now or in the near future;
 - B. I live in the Property as my principal residence, and the Property has not been condemned;
 - C. There has been no impermissible change in the ownership of the Property since I signed the Loan Documents¹⁰;
 - D. I have provided to Lender documentation for **all** income that I receive (and I understand that I am not required to disclose child support or alimony unless I chose to rely on such income when requesting to qualify for the Temporary Loan Payment Modification Plan;
 - E. Under penalty of perjury, all documents and information I have provided to Lender in connection with this Agreement, including the documents and information regarding my eligibility for the Temporary Loan Payment Modification, are true and correct;
 - F. If Lender requires me to obtain credit counseling in connection with the Temporary Loan Payment Modification, I will do so; and
 - G. I have made or will make all payments required under the Loan Workout Plan.
2. **Acknowledgements and Preconditions to Modification.** I understand and acknowledge that:
 - A. TIME IS OF THE ESSENCE under this Agreement;
 - B. If prior to the Temporary Loan Payment Modification Effective Date (as defined in Section 3) the Lender determines that any of my representations in Section 1 are no longer true and correct, or any of the covenants in Section 1 has not been performed, the Loan Documents will not be modified and this Agreement will terminate. In that event, the Lender will have all of the rights and remedies provided by the Loan Documents; and
 - C. I understand that the Loan Documents will not be modified unless and until (i) I receive from the Lender a copy of this Agreement signed by the Lender, and (ii) the Temporary Loan Payment Modification Effective Date (as defined in Section 3) has occurred. I further understand and agree that the Lender will not be obligated or bound to make any modification of the Loan Documents if I fail to meet any one of the requirements under this Agreement.
3. **The Temporary Loan Payment Modification.** If my representations and covenants in Section 1 continue to be true in all material respects and all preconditions to the temporary modification set forth in Section 2 have been met, the Loan Documents will automatically

¹⁰ A permissible transfer of the Property is any transfer that the Lender is required to allow, such as transfer covered by the Garn St. Germain Act, 12 U.S.C. Section 1701j-3, and including transfers (i) to a relative as a result of the borrower's death, (ii) to the borrower's spouse or child(ren), as long as the transferee will occupy the property, (iii) by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety, (iv) to a spouse under a divorce decree or legal separation agreement or from an incidental property settlement agreement, as long as the transferee will occupy the property, and (v) into an inter vivos trust, as long as the borrower is and will remain a beneficiary and occupant of the Property.

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become temporarily modified on _____ (the “Temporary Loan Payment Modification Effective Date”) and all unpaid late charges that remain unpaid will be waived. I understand that if I have failed to make any payments as a precondition to this Agreement under the Loan Workout Plan, the modification of the Loan Documents will not take effect. The Loan Documents will be modified and the first modified payment (due after the payments made under the Trial Period Plan) will be due on _____.

- A. My monthly principal and interest payment amount will be reinstated after thirty-three (33) months (for a total of thirty-six (36) months including of the three Trial Period Plan payments already made) to the monthly payment amounts as provided for in the Loan Documents and a final payment as provided in Section 3.C.
- B. The outstanding principal balance of my Note will be adjusted to include all past due principal and interest payments (“Unpaid Amounts”) less any amounts paid to the Lender but not previously credited to my Loan. The new principal balance of my Note will be \$_____ (the “New Principal Balance”). I understand that by agreeing to add the Unpaid Amounts to the outstanding principal balance, the added Unpaid Amounts accrue interest based on the interest rate in effect under this Agreement. I also understand that this means interest will now accrue on the unpaid interest that is added to the outstanding principal balance, which would not happen without this Agreement.
- C. Interest at the rate of _____% will begin to accrue on the New Principal Balance as of the Temporary Loan Payment Modification Effective Date. The new monthly payment on the New Principal Balance will be due on _____ and will continue for thirty-three (33) months after the Temporary Loan Payment Modification Effective Date (for a total of thirty-six (36) months including the three Trial Period Plan payments). After thirty-three (33) monthly payments, the interest rate will accrue at the interest rate provided on the original Note and as described in this Section for the remaining life of the Loan, until paid in full. My payment schedule for the modified Loan, which includes a balloon payment at maturity, is as follows.

Months	Interest Rate	Interest Rate Change Date	Monthly Principal and Interest Payment Amount	Estimated* Monthly Escrow Payment Amount	Estimated* Total Monthly Payment	Payment Begins On	Number of Monthly Payments
1-3 (Payments already made during the Trial Period Plan)	_____ %	____ / ____ / ____	\$ _____	\$ _____	\$ _____	_____	3 (Made during the Trial Period Plan)
4-36 (Payments due under this Agreement)	_____ %	____ / ____ / ____	\$ _____	\$ _____,	\$ _____,	_____	33
37- (# of Months until Orig. Note maturity)	_____ %	____ / ____ / ____	\$ _____	\$ _____	\$ _____	_____	_____

Temporary Loan Modifications

Maturity Date	0 %	/ /	\$ _____	\$ _____	\$ _____	_____	1
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*The escrow payments may be adjusted periodically in accordance with applicable law and therefore my total monthly payment may change accordingly.

The above terms in this Section 3.C. shall supersede any provisions to the contrary in the Loan Documents.

- D. I will be in default if I do not comply with the terms of the Loan Documents, as modified by this Agreement.
- E. If a default rate of interest is permitted under the Loan Documents, then in the event of default under the Loan Documents, as modified by this Agreement, the interest that will be due will be the rate set forth in the original Loan Documents.

4. **Additional Agreements.** I agree to the following:

- A. That all persons who signed the Loan Documents or their authorized representative(s) have signed this Agreement, unless (i) a borrower or co-borrower is deceased; (ii) the borrower and co-borrower are divorced and the property has been transferred to one spouse in the divorce decree, the spouse who no longer has an interest in the property need not sign this Agreement (although the non-signing spouse may continue to be held liable for the obligation under the Loan Documents); or (iii) the Lender has waived this requirement in writing.
- B. That this Agreement shall supersede the terms of any modification, forbearance, Loan Workout Plan or other loss mitigation option that I previously entered into with Lender.
- C. To comply, except to the extent that they are modified by this Agreement, with all covenants, agreements, and requirements of Loan Documents including my agreement to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments, the amount of which may change periodically over the term of my loan.
- D. That this Agreement constitutes notice that the Lender's waiver as to payment of escrow items, if any, has been revoked. I have been advised of the amount needed to fully fund my escrow account and I agree to the establishment of an escrow account.
- E. That the Loan Documents are composed of duly valid, binding agreements, enforceable in accordance with their terms and are hereby reaffirmed.
- F. That all terms and provisions of the Loan Documents, except as expressly modified by this Agreement, remain in full force and effect; nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the Loan Documents; and that except as otherwise specifically provided in, and as expressly modified by, this Agreement, the Lender and I will be bound by, and will comply with, all of the terms and conditions of the Loan Documents.
- G. That, as of the Temporary Loan Payment Modification Effective Date, notwithstanding any other provision of the Loan Documents, if all or any part of the Property or any interest in it is sold or transferred without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by the Mortgage. However, Lender shall not exercise this option if state or federal law, rules or regulations prohibit the exercise of such option as of the date of such sale or transfer. If Lender exercises this option, Lender shall give me notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which I must pay all sums secured by the Mortgage. If I fail to pay

Temporary Loan Modifications

these sums prior to the expiration of this period, Lender may invoke any remedies permitted by the Mortgage without further notice or demand on me.

- H. That, as of the Temporary Loan Payment Modification Effective Date, I understand that the Lender will only allow the transfer and assumption of the Loan, including this Agreement, to a transferee of my property in the case of my death, divorce, or marriage to the same extent as permitted under the Garn St. Germain Act, 12 U.S.C. Section 1701j-3. A buyer or transferee of the Property will not be permitted, under any other circumstance, to assume the Loan. Except as noted herein, this Agreement may not be assigned to, or assumed by, a buyer or transferee of the Property.
- I. That, as of the Temporary Loan Payment Modification Effective Date, if any provision in the Note or in any addendum or amendment to the Note allowed for the assessment of a penalty for full or partial prepayment of the Note, such provision is null and void.
- J. That, I will cooperate fully with Lender in obtaining any title endorsement(s), or similar title insurance product(s), and/or subordination agreement(s) that are necessary or required by the Lender's procedures to ensure that the modified mortgage loan is in first lien position and/or is fully enforceable upon modification and that if, under any circumstance and not withstanding anything else to the contrary in this Agreement, the Lender does not receive such title endorsement(s), title insurance product(s) and/or subordination agreement(s), then the terms of this Agreement will not become effective on the Temporary Loan Payment Modification Effective Date and the Agreement will be null and void.
- K. That I will execute such other documents as may be reasonably necessary to either (i) consummate the terms and conditions of this Agreement; or (ii) correct the terms and conditions of this Agreement if an error is detected after execution of this Agreement. I understand that a corrected Agreement will be provided to me for my signature and this Agreement will be void and of no legal effect upon notice of such error. If I elect not to sign any such corrected Agreement, the terms of the original Loan Documents shall continue in full force and effect, such terms will not be modified by this Agreement, and I will not be eligible for a modification under the Temporary Loan Payment Modification Plan.
- L. Mortgage Electronic Registration Systems, Inc. ("MERS") is a separate corporation organized and existing under the laws of Delaware and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, (888) 679-MERS. In cases where the loan has been registered with MERS who has only legal title to the interests granted by the borrower in the mortgage and who is acting solely as nominee for Lender and Lender's successors and assigns, MERS has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling the mortgage loan.
- M. That if any document related to the Loan Documents and/or this Agreement is lost, misplaced, misstated, inaccurately reflects the true and correct terms and conditions of the Loan as modified, or is otherwise missing, I will comply with the Lender's request to execute, acknowledge, initial and deliver to the Lender any documentation the Lender deems necessary. If the Note is replaced, the Lender hereby indemnifies me against any loss associated with a demand on Note. All documents the Lender requests of me under this

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Section 4.M. shall be referred to as "Documents." I agree to deliver the Documents within ten (10) days after I receive the Lender's written request for such replacement.

In Witness Whereof, the Lender and I have executed this Agreement.

Lender (Seal)

Borrower Signature

By: _____
(Seal)

Date

Name

Co-Borrower Signature

Title

Date

Date

_____ **[Space Below This Line For Acknowledgement]** _____