

Home Affordable Modification Program (HMP) – Policies and Procedures

Effective March 4, 2009 Triad will accept loan modifications under the following Home Affordable Modification Programs for delinquent loans and loans at risk of imminent default:

- The Fannie Mae Home Affordable Modification Program introduced in Announcement 09-05, dated March 4, 2009. Loans must conform to all Fannie Mae guidelines current at the time of modification.
- The Freddie Mac Home Affordable Modification Program introduced in Bulletin 2009-6, dated March 11, 2009. Loans must conform to all Freddie Mac guidelines current at the time of modification.
- Other loans meeting US Treasury Making Home Affordable guidelines initially announced March 4, 2009. Loans must conform to all US Treasury guidelines current at the time of modification. (As announced by the Treasury, in order for a servicer to participate in the HMP with respect to Non-GSE Mortgages, the servicer must execute a servicer participation agreement and related documents with Fannie Mae as Financial Agent for the United States, as designated by the Treasury).

Delegation

Servicers are delegated through an agreement between the GSEs and Triad to perform HMP modifications on GSE-owned loans. Triad extends this delegated authority to modifications of non-GSE owned or securitized loans, under the identical parameters of the Fannie/Freddie/ U.S. Department of Treasury HMP guidelines. In all cases, servicers are required to follow the program guidelines and represent and warrant their eligibility to Triad when reporting the modifications to Triad. In the event of a claim on a modified loan that does not meet GSE requirements, any potential future claim for benefits may be reduced or denied or the insurance coverage may be rescinded. All representations and warranties of the Insured on the prior loan remain in effect on loans modified under the HMP (regardless of investor) and servicer delegation under these programs expires on December 31, 2012, or upon 60 day advance notice from Triad.

Please note: Modifications that do not meet the aforementioned guidelines (including failure to meet Net Present Value tests) should continue to be submitted to Triad for approval. We will consider all modifications that improve the borrower's position.

Premiums

Triad certificates have two primary premium renewal types – level and declining.

- Level premium certificates receive the same premium charge at each renewal, based upon a constant premium rate charged against the original loan balance. If a modification results in a new unpaid principal balance (UPB) that exceeds the original loan amount, then future renewal premiums will be calculated off the new, higher modified UPB. Likewise, if a modification results in a new unpaid principal balance (UPB) that is less than the original loan amount, then future renewal premiums will be calculated off the

new, lower modified UPB. This ensures that Triad's insurance coverage applies to the modified loan amount.

- Declining premium certificates receive a variable premium charge at each renewal, based upon a constant premium rate charged against the current UPB. Modifications that change the UPB are already accounted for under Triad's current billing processes.

Coverage Term

Triad's insurance coverage will extend with all loan term extensions.

Reporting

Triad requires regular reporting of Servicer's HMP activity, utilizing the current MISMO standard. Please see the previous link titled, "Home Affordable Modification Program – Reporting Requirements" for instructions and the standard data elements.

Risk Share Agreements

Certificates currently under a risk sharing agreement will remain so after the modification.