

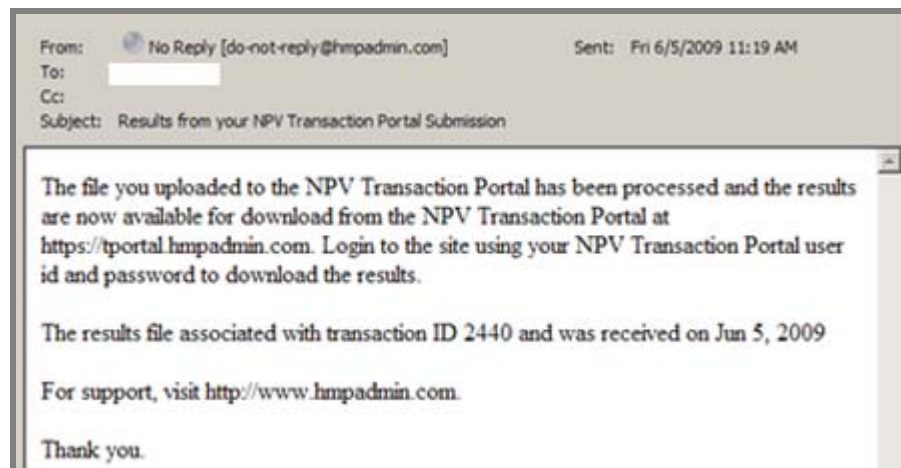
Retrieving and Interpreting the NPV Test Results

When determining whether a borrower is eligible under the Home Affordable Modification Program (HAMP), the loan must be evaluated using a standardized net present value (NPV) test that compares the expected economic outcome of the loan with and without the proposed modification. How the results are applied may differ whether a loan is a GSE or a non-GSE loan. Servicers should consult the specific investor's guidelines.

The servicer can perform the NPV test using either the base NPV model software tool available to participating servicers in the secure servicer area of the HAMP Web site (www.HMPAdmin.com) or, if permitted in accordance with Supplemental Directive 09-01, their own customized model. *This job aid is only applicable to retrieving and interpreting the NPV test results from the base NPV model software tool.*

To retrieve and interpret the NPV test results from the base NPV model software tool, follow these steps:

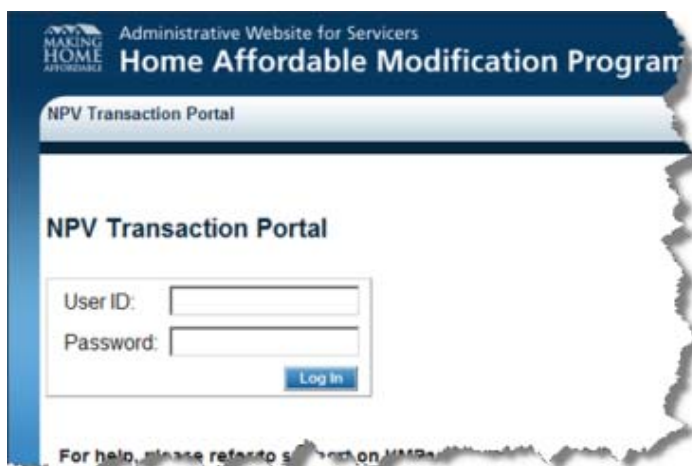
- Step 1. Once you have submitted loan(s) to the base NPV model using the base NPV model software tool you will be informed by e-mail when the results are complete. The e-mail will look similar to this:



- Step 2. To retrieve the results, select one of the following options:

- Go to the NPV Transaction Portal using the URL <https://tportal.hmpadmin.com>.
- Log in to the secure servicer area of the HAMP Web site www.HMPAdmin.com, click the **Base NPV Model Tools & Documents** link, and then click the **Access the NPV Transaction Portal** link.

- Step 3. Enter your *NPV Transaction Portal* User ID and Password (the same User ID and Password you use to login to the secure servicer area (the Participating Servicer Login) of the HAMP Web site www.HMPAdmin.com) and click **Log In**.



The *NPV Transaction Portal* will open.



- Step 4. The results are included in a .csv file format which you can open in a spreadsheet program or other application that supports .csv files. Locate the transaction ID provided in your e-mail and click on the [csv](#) hyperlink under the “Results File” heading to open it.

The NPV test results will resemble the following:

| | A | B | C | D | E | F | G | H | I | J | K | L |
|---|------------------|----------------------|----------------|-----------------|------------------|--------------|-----------|----------|---------------------|----------|---------------|-------------------|
| 1 | HAMP Servicer ID | Servicer Loan Number | Waterfall Test | De minimis Test | Forbearance Flag | Value No Mod | Value Mod | NPV Test | NPV Run Successful? | Run Date | Code Version | Freddie PMMS Rate |
| 2 | 123456789 | 1000000001 | Y | Y | N | 78733.71 | 90838.88 | Positive | Y | 8/6/2009 | Base_NPV_V3.0 | 0.0522 |
| 3 | 123456789 | 1000000002 | Y | N | N | 65848.9 | 65466.06 | Negative | Y | 8/6/2009 | Base_NPV_V3.0 | 0.0522 |
| 4 | 123456789 | 1000000003 | Y | Y | Y | 221467.55 | 147597.9 | Negative | N.f | 8/6/2009 | Base_NPV_V3.0 | 0.0522 |
| 5 | 123456789 | 1000000004 | Y | Y | Y | 268868.13 | 218822.05 | Negative | N.f | 8/6/2009 | Base_NPV_V3.0 | 0.0522 |

If the result of the NPV test is positive, this means that the NPV of the proposed modified loan is greater than the NPV of the unmodified loan. A negative outcome means the NPV of the proposed modified loan is less than the NPV of the unmodified loan.

| | Fannie Mae Loan | Non-GSE Loan |
|------------------------------------|--|--|
| If the NPV outcome is positive.... | <p>You must proceed with the modification, however:</p> <ul style="list-style-type: none"> You are not required to forbear more than the greater of (i) 30 percent of the unpaid principal balance of the mortgage loan or (ii) an amount resulting in a modified interest bearing balance that would create a current mark-to-market loan-to-value ratio equal to 100 percent. If the borrower's monthly mortgage payment cannot be reduced to the target monthly mortgage payment ratio of 31 percent unless the servicer forbears more than the amounts described above, the servicer may only perform the modification with the express written consent of Fannie Mae. | <p>You must proceed with the modification, however:</p> <ul style="list-style-type: none"> You are not required to forbear more than the greater of (i) 30 percent of the unpaid principal balance of the mortgage loan or (ii) an amount resulting in a modified interest bearing balance that would create a current mark-to-market loan-to-value ratio equal to 100 percent. If the borrower's monthly mortgage payment cannot be reduced to the target monthly mortgage payment ratio of 31 percent unless the servicer forbears more than the amounts described above, the servicer may consider the borrower ineligible for a HAMP modification. However, servicers are permitted, at their discretion, to forbear principal in excess of the amounts described above in order to achieve the target monthly mortgage payment ratio of 31 percent. |
| If the NPV outcome is negative.... | <p>You must proceed with the modification, however:</p> <ul style="list-style-type: none"> You are not required to forbear more than the greater of (i) 30 percent of the unpaid principal balance of the mortgage loan or (ii) an amount resulting in a modified interest bearing balance that would create a current mark-to-market loan-to-value ratio equal to 100 percent. | <p>You are not required to proceed with the modification, but you have the option to perform the modification at the investor's discretion, however:</p> <ul style="list-style-type: none"> If the applicable mortgage insurer, after review, proposes a partial claim payment, you should enter that amount into the base NPV model software tool and resubmit the loan for retesting. You are not required to forbear more than the greater of (i) 30 percent of |

| | Fannie Mae Loan | Non-GSE Loan |
|--------------------------------|--|---|
| | <ul style="list-style-type: none"> • If the borrower's monthly mortgage payment cannot be reduced to the target monthly mortgage payment ratio of 31 percent unless the servicer forbears more than the amounts described above, the servicer may only perform the modification with the express written consent of Fannie Mae. • For all tests that are run on or after December 1, 2009, if the value of the "no modification" scenario exceeds the value for the "modification" scenario by more than \$5,000, you may only perform the modification with the express written consent of Fannie Mae | <p>the unpaid principal balance of the mortgage loan or (ii) an amount resulting in a modified interest bearing balance that would create a current mark-to-market loan-to-value ratio equal to 100 percent.</p> <ul style="list-style-type: none"> • If the borrower's monthly mortgage payment cannot be reduced to the target monthly mortgage payment ratio of 31 percent unless the servicer forbears more than the amounts described above, the servicer may consider the borrower ineligible for a HAMP modification. However, servicers are permitted, at their discretion, to forbear principal in excess of the amounts described above in order to achieve the target monthly mortgage payment ratio of 31 percent. |
| If the NPV outcome is blank... | You must refer to the User Guide – Step 3: Collect the results with the list of codes and descriptions indicating the error. | You must refer to the User Guide – Step 3: Collect the results with the list of codes and descriptions indicating the error. |

Notes:

- If a modification is not pursued for any reason, you must consider the borrower for other loss mitigation options, including an alternative modification program, deed-in-lieu, or pre-foreclosure sale.
- For non-GSE mortgages serviced on behalf of a third-party investor where the NPV result is negative, you may perform the modification only if you have the express permission of the investor.

- In the event that a servicer elects to forbear principal in an amount resulting in a modified interest-bearing balance that would create a current mark-to-market LTV ratio *less than* 100% in negative situations, you should *ignore* the following error codes that will be returned by the current version of the NPV test:
 - The **Forbearance Flag** field will show “Y”
 - The **NPV Run Successful** field will show “N:f”

These errors will be corrected in future versions of the test.

- Step 5. Regardless of whether a modification is pursued, you must maintain detailed documentation of the base NPV model used, including all NPV inputs and assumptions, as well as the NPV results. You must save the results file to your computer.

Following is a brief explanation of each field of the NPV test results:

HAMP Servicer ID

A unique identifier assigned to each servicer that is participating in HAMP. This identifier will match the information provided on the input file.

Servicer Loan Number

A unique identifier assigned by the servicer that is associated with a loan secured by a property. This identifier will match the information provided on the input file.

Waterfall Test

Indicates whether the modification submitted appears to follow the HAMP waterfall guidelines, outlined in [Supplemental Directive 09-01](#) available on www.HMPAdmin.com.

De Minimis Test

Indicates whether the proposed modification meets the “de minimis” test — that is, it would result in at least a 6 percent reduction in the borrower’s monthly payment.

Forbearance Flag

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.

Value No Mod

The net present value of the loan without a modification.

Value Mod

The net present value of the loan with a modification.

NPV Test

The result of the NPV test, either *Positive* or *Negative*.

NPV Run Successful

Indicates whether the loan was able to run through the base NPV model, including whether problems with the data submitted prevent a full NPV calculation.

- If the response is Y, then the loan was run through the base NPV model successfully.
- If the loan does not run through the base NPV model successfully due to a data error or some other issue, the field will be populated with an N, followed by a code(s) indicating the error. For example: N: 1; 5; d. The list of error codes and error descriptions is provided in the Base NPV Model User Guide and FAQs documentation that is located in the secure servicer area of the HAMP Web site www.HMPAdmin.com. You must correct the data field(s) and resubmit the loan(s) to the NPV test.

Run Date

The date on which the NPV test was run.

Code Version

The version of the base NPV model software tool that was used in the assessment.

Freddie PMMS Rate

The Freddie PMMS Rate that was used in the assessment.