

GSE Flex Modification Waterfall

Standard Modification Waterfall	Flex Modification Waterfall
If MTMLTV <80%, then capitalize arrearages and extend term	If MTMLTV <80%, then capitalize arrearages and extend term to 480 months (Convert ARM/Step-Rate to Fixed using same methodology as described below for the >=80% population)
If MTMLTV >=80%, then follow all steps below	If MTMLTV >=80%, then follow all steps below
Capitalize Arrearages	Capitalize Arrearages
Convert ARM/Steps to Fixed	Convert ARM/Step-Rate to Fixed
If FRM, set rate to Standard Mod Rate If Step Rate or ARM, set rate to higher of Standard Mod Rate or Pre-Mod Rate	If FRM, set rate to lower of Standard Mod Rate or Pre-Mod Rate. If Step Rate or ARM, set rate to lower of Standard Mod Rate or Lifetime Cap/Max Rate
Extend term to 480 months	Extend term to 480 months
Forbear principal to establish 115% MTMLTV (not to exceed 30% of post-mod UPB) if applicable	Forbear principal to establish 100% MTMLTV (not to exceed 30% of post-mod UPB) if applicable
N/A	*If Mortgage is <90 days delinquent, determine whether payment reduction is at least 20% and HTI is not greater than 40%. If targets not achieved, provide or increase principal forbearance until 20% payment reduction and 40% HTI thresholds are achieved, (not to exceed 30% of post-mod UPB or to create a MTMLTV ratio < 80%)
N/A	*If Mortgage is >=90 days delinquent, determine whether payment reduction is at least 20%. If not, provide or increase principal forbearance until 20% payment reduction is achieved, (not to exceed 30% of post-mod UPB or to create a MTMLTV ratio < 80%)

*Mod will be offered even if targets are not met provided the modification results in a post-mod payment that is <= the pre-mod payment amount.