To: Lopa Kolluri, Janet Golrick, Julienne Joseph, Nathan Schultz, Alanna McCargo

From: Americans for Financial Reform (AFR), Center for Responsible Lending (CRL), Housing Policy Council (HPC), National Community Stabilization Trust (NCST), National Consumer Law Center (on behalf of its low-income clients)

Re: Suggested enhancements to COVID-19 Recovery Loss Mitigation Options (ML 2022-07)

Date: May 6, 2022

Introduction and summary

We would like to commend HUD for the inclusion of a 40-year term for the COVID-19 Recovery Modification (Recovery Mod) waterfall to provide COVID-affected borrowers a greater ability to achieve the targeted 25% reduction in principal and interest (P&I) payments.

We also appreciate the ML's clarification from an earlier FAQ that borrowers who need more than 25% P&I reduction can receive it through the Recovery Mod.[1] The ML formalizes this flexibility by stating that "The Target Payment of the [Recovery Mod] is a payment that achieves a **minimum** 25 percent reduction to the P&I portion of the Borrower's monthly Mortgage Payment" (emphasis added).

As of April 7, 2022, there were 246,000 FHA loans in forbearance and another 333,000 FHA loans in serious delinquency.[2] Some of these 579,000 FHA borrowers will be able to resume making their original monthly payment and reinstate their mortgage using a Standalone Partial Claim, and still others will decide to sell their home. The remainder, however, will need the payment relief provided by the Recovery Mod.

However, since the turn of the year, mortgage rates have risen more than 200 basis points. As a result, the FHA borrowers who cannot resume their original monthly payment due to financial hardship and do not sell their home will receive limited relief from the Recovery Mod, even when extended to a 40-year term. For example, for the average Government-backed mortgage in forbearance as of mid-2021, which had a 4.25% note rate and about 26.5 years remaining to maturity, the current mod reduces P&I by 13.5% and fails to reach the 25% of P&I payment reduction target. The 13.5% reduction assumes the borrower has their full partial claim available for principal deferral, which is often not the case for seasoned loans. And if rates rise another 100 basis points, the Recovery Mod will not provide any payment relief to borrowers at all.

[1] According to the FAQ, "Mortgagees must target a minimum 25 percent Principal and Interest (P&I) reduction but may exceed 25 percent P&I reduction of the Borrower's monthly Mortgage Payment."
[2] Source: https://www.philadelphiafed.org/-/media/frbp/assets/consumer-finance/reports/22-04_tracking-resolutions-of-mortgage-forbearances-and-delinquencies_v3.pdf.

In response, FHA should make four enhancements to the Recovery Mod:

1. Reduce MIP if necessary to achieve the target payment.

FHA should introduce another tool into the Recovery Mod, namely, the possibility of reducing or waiving annual mortgage insurance premiums (MIP) to the extent required to help borrowers reach the target payment. Reducing annual MIP would be a new step 7 in the Recovery Mod waterfall and would enable borrowers facing ongoing financial hardship to get the payment relief they need to remain in their home. For the average Government-backed mortgage in forbearance, waiving MIP would equate to an additional 13 percentage points of P&I reduction. Should FHA pursue this change, we request that the agency work with the industry to develop an efficient and feasible operational process for servicers to remit the reduced MIP.

Reducing MIP as the last step in the Recovery Mod will likely provide a benefit to the mutual mortgage insurance fund (MMIF), as the foregone MIP revenue will be more than offset by fewer claims. Selectively reducing MIP for borrowers facing the greatest financial hardship to create an affordable modification will reduce foreclosures and the associated MMIF claims, help families retain the generational wealth-building opportunity of homeownership, and help avoid expanding the racial homeownership gap even further.

2. Increase the partial claim amount available to 30% of UPB at default if needed for principal deferral to reach the target payment.

FHA should increase the partial claim limit to 30% of UPB as of the date of default to match the partial claim in HUD's standard loss mitigation waterfall. The additional partial claim capacity could be used to defer principal and would generate an additional 4 to 6 percentage points of P&I reduction. Given the recent increase in mortgage rates, borrowers facing ongoing pandemic-related hardship may need the added payment reduction to create an affordable modification.

3. Provide an effective way to deliver more than 25% P&I reduction to borrowers who need it.

Based on the FAQ, if the borrower indicates they cannot afford the modified monthly payment created by the Recovery Mod, servicers should re-enter the waterfall and offer a lower payment to the extent possible, even when the target payment has already been achieved. There is no target payment in this case. FHA could maintain this open-ended loss mitigation waterfall after introducing MIP reduction, although if it does, it should formalize the process given the lack of clarity in the FAQ and new ML on this point.

Alternatively, FHA could use income documentation to create a lower target payment for borrowers who need more than 25% P&I relief. For these borrowers, who cannot afford the Recovery Mod's target payment, FHA could reinstate COVID-19 FHA-HAMP to recalculate a new, lower target payment based on the borrower's income in an effort to create an affordable payment. Taking this step would formalize borrowers' ability to get deeper payment reductions by reinstituting the reduced-documentation COVID-19 FHA-HAMP, but with three critical enhancements.

4. Clarify that servicers may, after modifying a loan, accept HAF funds as a curtailment and recast the loan.

FHA does not prohibit servicers from implementing a Recovery Mod and then accepting Homeowner Assistance Funds (HAF) as a principal curtailment and recasting the loan while it is on their portfolio, prior to re-pooling the loan into a Ginnie Mae security. However, it would be helpful if FHA would affirm that it does indeed permit a servicer to complete the loss mitigation and then apply HAF funds and recast the loan, so long as the loan has not already been re-pooled.

Proposal

1. Reduce MIP if necessary to achieve the target payment.

Recent increases in interest rates prevent the Recovery Mod from providing at least 25% P&I reduction to many borrowers who face COVID-19-related hardship. As shown below, and in more detail in the Appendix, few borrowers can obtain 25% P&I reduction through principal deferral with a loan modification, but adding MIP reduction/waiver as the last step in the waterfall permits most to obtain 25% reduction.

Specifically, at the current mortgage rate, a loan with a 4.50% note rate and 26 years remaining to maturity[3] would fail to reach the target 25% P&I reduction even after receiving a 40-year modification that uses the maximum amount of principal deferral. Should mortgage rates continue to rise, the ability of the current Recovery Mod to reach the 25% target P&I reduction would decrease further.

40-year Combo Mod + Max Principal Deferral (25% of UPB)

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	-2.6%	2.0%	6.8%	12.0%	17.5%
3.50%	2.2%	6.2%	10.6%	15.2%	20.2%
4.00%	6.6%	10.2%	14.0%	18.2%	22.8%
4.50%	10.7%	13.8%	17.3%	21.1%	25.2%
5.00%	14.5%	17.3%	20.3%	23.7%	27.5%
5.50%	18.0%	20.4%	23.2%	26.2%	29.7%
6.00%	21.2%	23.4%	25.9%	28.6%	31.7%

40-year Combo Mod + Max Principal Deferral (25% of UPB) + MIP Elimination

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	13.5%	17.3%	21.4%	25.7%	30.3%
3.50%	17.3%	20.7%	24.4%	28.3%	32.5%
4.00%	20.9%	23.9%	27.2%	30.7%	34.5%
4.50%	24.2%	26.9%	29.8%	33.0%	36.4%
5.00%	27.3%	29.6%	32.2%	35.1%	38.3%
5.50%	30.1%	32.2%	34.5%	37.1%	40.0%
6.00%	32.8%	34.6%	36.7%	39.0%	41.6%

[3] Mortgage terms are similar to the average Government-backed mortgage in forbearance as of mid-2021.

FHA can address these shortcomings through a simple change to the waterfall: Reduce the ongoing MIP payments for borrowers to the extent necessary to achieve the target payment. FHA already terminates MIP for eligible loans originated before 2013 that reach a 78% amortized LTV. The percentage reduction in P&I would equate to the reduction in principal, interest, and MIP payments divided by the pre-modification principal and interest payment. Should FHA pursue this change, we request that the agency work with the industry to develop an efficient and feasible operational process for servicers to remit the reduced MIP.

While reducing MIP will cut inflows into the MMIF, reducing the borrowers' total monthly payment in this way can help them avoid re-default. Avoiding foreclosure and the associated MMIF claim losses is likely to offset all of the lost MIP revenue.

Furthermore, the suggested MIP reductions would be highly targeted to families who otherwise would lose the wealth-building opportunity of remaining in homeownership; there is no other way for FHA to reduce MIP payment requirements that would have more impact to help the life chances of struggling families. As of early April, for example, Black borrowers were more than twice as likely and Hispanic borrowers were 50% more likely to be in forbearance, loss mitigation, or delinquent outside of forbearance or loss mitigation as compared to White borrowers; similarly, borrowers in the lowest income quartile at origination were nearly three times more likely to be past due or in forbearance compared to borrowers in the highest income quartile.[4]

2. <u>Increase the partial claim amount available to 30% of UPB at default if needed for principal deferral to reach the target payment.</u>

As described in the previous section, at current mortgage rate levels, even with a 40-year term and maximum principal forbearance, the Recovery Mod cannot reach the 25% target P&I reduction for many borrowers. Increasing the partial claim limit in the Recovery Mod to 30% of the UPB at the time of default would increase the amount of principal deferral available and thereby provide borrowers in need with more payment relief.

The table below shows the P&I reduction delivered at current mortgage rates by the existing Recovery Mod on the left and the Recovery Mod with the increased partial claim limit on the right. Additional details are provided in the Appendix. For the 4.50% mortgage with 26 years remaining to maturity, increasing the partial claim limit to 30% of UPB would provide an additional 5 percentage points of P&I reduction, increasing the P&I reduction provided from 14% to 19%.

[4] Source: https://www.philadelphiafed.org/-/media/frbp/assets/consumer-finance/reports/22-04_tracking-resolutions-of-mortgage-forbearances-and-delinquencies_v3.pdf. The statistics cited above include all mortgages but are likely representative of FHA loans as well.

40-year Combo Mod + Max Principal Deferral (25% of UPB)

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	-2.6%	2.0%	6.8%	12.0%	17.5%
3.50%	2.2%	6.2%	10.6%	15.2%	20.2%
4.00%	6.6%	10.2%	14.0%	18.2%	22.8%
4.50%	10.7%	13.8%	17.3%	21.1%	25.2%
5.00%	14.5%	17.3%	20.3%	23.7%	27.5%
5.50%	18.0%	20.4%	23.2%	26.2%	29.7%
6.00%	21.2%	23.4%	25.9%	28.6%	31.7%

40-year Combo Mod + Max Principal Deferral (30% of UPB)

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	3.4%	7.7%	12.3%	17.2%	22.4%
3.50%	7.9%	11.7%	15.8%	20.1%	24.8%
4.00%	12.0%	15.3%	19.0%	22.9%	27.2%
4.50%	15.8%	18.7%	22.0%	25.5%	29.4%
5.00%	19.3%	21.9%	24.8%	28.0%	31.5%
5.50%	22.6%	24.9%	27.4%	30.3%	33.5%
6.00%	25.6%	27.6%	29.9%	32.5%	35.4%

In general, FHA can provide borrowers with an additional 4 to 6 percentage points of P&I relief by simply increasing the maximum partial claim amount available from 25% to 30% of UPB at the time of default, as calculated in Step 1 of the Recovery Mod. The change should be straightforward for servicers to implement, as the 30% limit is already part of the standard HUD loss mitigation waterfall.

Only a subset of borrowers currently in forbearance or serious delinquency would make use of the full partial claim allotment, as principal deferral is only an option for those borrowers who have not reached the target payment by Step 4 of the Recovery Mod. And for the subset of borrowers in need of deeper payment relief to create an affordable payment, reserving a portion of their partial claim to be available in the event of a future hardship isn't helpful if it forces them into home disposition today.

3. <u>Provide an effective way to deliver more than 25% P&I reduction to borrowers who need it</u>.

As recognized in the ML, some borrowers will need more than 25% P&I reduction to remain in their homes due to COVID-19-related hardships. Servicers could continue to provide this greater reduction by re-entering the waterfall when the borrower cannot afford the payment created at the conclusion of each step and by using a new step 7 that allows for reducing or waiving annual MIP. At the conclusion of each step, the servicer would ask the borrower whether the resulting payment is affordable, and the servicer would stop at the first step that provides the affordable payment. If FHA maintains this process with no target payment, it should formalize the process to ensure all servicers understand and use it.

Alternatively, borrowers who need greater relief beyond the 25% P&I reduction target of the Recovery Mod could be required to provide income documentation to establish a new, lower target payment based on the borrower's payment-to-gross income ratio (PTI). Taking this step would remove the open-ended nature of the current COVID-19 Recovery Mod and provide borrowers facing acute hardship with a payment target that offers greater relief. To do so, FHA could reinstitute an enhanced version of the reduced documentation COVID-19 FHA-HAMP, which is much easier for borrowers and servicers to use than standard FHA-HAMP.

Under the COVID-19 FHA-HAMP modification, the target payment for the borrower who needs greater than 25% P&I reduction would be the payment resulting from the lower of two calculations:

- 31% PTI. The payment that would result in a 31% PTI ratio, and

- A 20% reduction in PITI + MIP. The payment that would generate a 20% reduction in principal, interest, taxes, and insurance and MIP (PITI + MIP) payments.[5]

FHA should make three enhancements to the COVID-19 FHA-HAMP modification, in addition to adopting the Recovery Mod's 40-year term for borrowers with any remaining partial claim capacity. Without each of these three enhancements, FHA should not reintroduce COVID FHA-HAMP:

- Remove the maximum permissible post-modification PTI ratio. Currently, a borrower is ineligible for FHA-HAMP if they cannot reach a post-modification PTI ratio of 40%; we suggest removing the maximum ratio entirely, since giving the borrower a chance to keep their home is preferable to denying them the chance and their income may increase after the modification is finalized. Alternatively, FHA could increase this threshold to 55% to permit more lower-income borrowers who are most likely to be at risk of losing their homes to qualify.[6]

- Decrease minimum permissible post-modification PTI from 25% to 10%. Currently a borrower cannot receive the full 20% PITI + MIP reduction if their resulting PTI ratio would be below 25%; we suggest lowering the minimum to 10% so more borrowers can get the full reduction. Recent research has shown that default is related to typically-unobserved liquidity shocks, including unexpected expenses that would not be picked up by a PTI ratio.[7] Other research shows that the amount of payment reduction is the most important factor determining the ability to sustain a modification.[8] For these reasons, FHA should not limit payment relief to the amount that reaches 25% PTI, but rather reduce the PTI limit to 10%.

- Reduce or waive MIP at the bottom of the waterfall and continue to allow the full 30% of UPB partial claim, if otherwise the modification cannot hit the target payment.

And FHA should remove the requirement that in order to be eligible for FHA-HAMP, borrowers cannot have exhausted their partial claim; without this adjustment, those borrowers who have

[5] The payment reduction target in FHA-HAMP is intended to be more generous than that provided by the Recovery Mod. For example, for the average Government-backed mortgage in forbearance as of mid-2021, P&I was about 64% of PITI + MIP, so a 20% reduction in PITI + MIP equates to a 31% reduction in P&I.
[6] A 55% PTI threshold would be consistent with the HAMP Tier 2 program, which permitted borrowers to receive modifications so long as the post-modification PTI was not more than 55%.
[7] David Low, *What Triggers Mortgage Default? New Evidence from Linked Administrative and Survey Data*, Working Paper, CFPB, 2022.
[8] Peter Ganong and Pascal Noel, *Liquidity Versus Wealth in Household Debt Obligations: Evidence from Housing Policy in the Great Recession*, American Economic Review, 110(10): 3100-3138 (2020).

already exhausted their partial claim will not be eligible for the additional payment reduction provided by the MIP waiver in FHA-HAMP.

4. Clarify that servicers may, after modifying a loan, accept HAF funds as a curtailment and recast the loan.

FHA does not prohibit servicers from buying a delinquent loan out of a Ginnie Mae pool, implementing a Recovery Mod, and later accepting HAF funds as a principal curtailment and recasting the loan while it is still on their portfolio. However, FHA should clarify that it does indeed permit a servicer to complete the loss mitigation and then apply HAF funds and recast the loan, so long as the loan has not already been re-pooled.

Appendix: Increasing the Payment Reduction Delivered by COVID-19 Recovery Loss Mitigation Options by Reducing MIP or Increasing the Partial Claim Limit

The analysis below shows the reduction in P&I payment that can be delivered by the 40-year Recovery Mod with maximum principal deferral with the following features:

1. A current partial claim limit of up to 25% of UPB at default;
2. A current partial claim limit of up to 25% of UPB at default and the elimination of annual MIP;
3. A partial claim limit increased to 30% of UPB at default; or
4. A partial claim limit increased to 30% of UPB at default and the elimination of annual MIP.

The P&I reduction is shown for mortgages with a pre-modification note rate between 3.00% and 6.00% and a remaining term of between 20 and 28 years. The combinations of note rate and remaining term are representative of the outstanding stock of FHA loans.

The following assumptions have been made:

- Borrower missed 18 payments in forbearance;
- Taxes & Insurance = 42.5% of Principal & Interest (based on the average Government-backed mortgage in forbearance as of mid-2021);
- The entire partial claim is available for principal deferral; and
- 30-year market rate = PMMS flat and 40-year market rate = PMMS + 0.50%.

The first scenario shows the P&I reduction delivered by each modification option at the current mortgage rate (Freddie Mac PMMS = 5.27%, rounded to 5.25%), while the second scenario shows the P&I reduction delivered if the mortgage rate were to rise an additional 100 basis points. When the modification option is able to reach the 25% P&I reduction target for the given note rate / remaining term combination, the P&I reduction is shown in green; otherwise, the P&I reduction is shown in red.

The first table in each scenario illustrates the P&I reduction provided by the current 40-year Recovery Mod after applying the maximum permissible deferred principal up to the current limit of 25% of UPB. For example, at the current mortgage rate, a 4.50% mortgage with a remaining term of 26 years would receive 13.8% P&I reduction from a 40-year Combo Mod with maximum principal deferral and would fail to reach the 25% P&I reduction target.

In general, at current mortgage rates, the 40-year Combo Mod with maximum principal deferral fails to reach the 25% P&I reduction target unless the note rate is fairly high (above 5.00%) or the mortgage is fairly seasoned (at least 8 or 10 years). Furthermore, the likelihood of an existing Partial Claim increases with seasoning, since these borrowers may have had previous payment difficulty that caused them to use partial claim capacity and kept them from refinancing when rates were low. Therefore, for the loans with 20 or 22 years remaining to maturity, the actual PC available for principal deferral is likely less than the 25% limit and the P&I reduction delivered will likely be less than as shown in table 1 of Scenario 1.

The second table shows the P&I reduction that would result if FHA were to adopt waiving annual MIP as the last step in the Recovery Mod waterfall. Eliminating MIP would create a modification option that could deliver 25% P&I reduction for most mortgages. Furthermore, even borrowers who have a low note rate on a recently originated mortgage would receive substantial P&I reduction, even if it doesn't quite reach the 25% target. In general, eliminating annual MIP results in an incremental reduction of about 10 to 16 percentage points of P&I.

The third table in scenario 1 shows the impact of increasing the partial claim limit to 30% of UPB at the time of first default in the Recovery Mod. If the additional partial claim capacity were used to defer principal, borrowers would receive an additional 4 to 6 percentage points of P&I reduction. The fourth table in scenario 1 combines the effect of both MIP reduction and an increase in the PC limit. In this case, the Recovery Mod can reach the target payment for nearly every mortgage.

Scenario 1. Current mortgage rates (Rounded PMMS = 5.25%)

Reduction in Principal and Interest Payments with 30-Year Market Rate = 5.250% and 40-Year Market Rate = 5.750%

1. 40-year Combo Mod + Max Principal Deferral (25% of UPB)

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	-2.6%	2.0%	6.8%	12.0%	17.5%
3.50%	2.2%	6.2%	10.6%	15.2%	20.2%
4.00%	6.6%	10.2%	14.0%	18.2%	22.8%
4.50%	10.7%	13.8%	17.3%	21.1%	25.2%
5.00%	14.5%	17.3%	20.3%	23.7%	27.5%
5.50%	18.0%	20.4%	23.2%	26.2%	29.7%
6.00%	21.2%	23.4%	25.9%	28.6%	31.7%

2. 40-year Combo Mod + Max Principal Deferral (25% of UPB) + MIP Elimination

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	13.5%	17.3%	21.4%	25.7%	30.3%
3.50%	17.3%	20.7%	24.4%	28.3%	32.5%
4.00%	20.9%	23.9%	27.2%	30.7%	34.5%
4.50%	24.2%	26.9%	29.8%	33.0%	36.4%
5.00%	27.3%	29.6%	32.2%	35.1%	38.3%
5.50%	30.1%	32.2%	34.5%	37.1%	40.0%
6.00%	32.8%	34.6%	36.7%	39.0%	41.6%

3. 40-year Combo Mod + Max Principal Deferral (30% of UPB)

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	3.4%	7.7%	12.3%	17.2%	22.4%
3.50%	7.9%	11.7%	15.8%	20.1%	24.8%
4.00%	12.0%	15.3%	19.0%	22.9%	27.2%
4.50%	15.8%	18.7%	22.0%	25.5%	29.4%
5.00%	19.3%	21.9%	24.8%	28.0%	31.5%
5.50%	22.6%	24.9%	27.4%	30.3%	33.5%
6.00%	25.6%	27.6%	29.9%	32.5%	35.4%

4. 40-year Combo Mod + Max Principal Deferral (30% of UPB) + MIP Elimination

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	19.5%	23.1%	26.9%	30.9%	35.2%
3.50%	23.0%	26.2%	29.6%	33.2%	37.1%
4.00%	26.3%	29.1%	32.1%	35.4%	38.9%
4.50%	29.3%	31.8%	34.5%	37.4%	40.7%
5.00%	32.1%	34.3%	36.7%	39.4%	42.3%
5.50%	34.7%	36.6%	38.8%	41.2%	43.9%
6.00%	37.1%	38.8%	40.7%	42.9%	45.3%

Should the mortgage rate rise to 6.27% (Scenario 2), enhancing the Recovery Mod to provide additional payment reduction becomes even more critical. As the mortgage rate increases, the current Recovery Mod becomes even less effective at delivering substantial P&I reductions, and more borrowers will need a reduction in MIP or the entire partial claim up to 30% of UPB to create an affordable monthly payment and avoid losing their home to foreclosure.

Under the second scenario, our example 4.50% mortgage with 26 years remaining would receive just 2.4% of P&I reduction under the current waterfall, and the Recovery Mod would fail to reach the target payment for every loan shown in Table 1. Eliminating MIP, shown in Table 2, would increase the P&I reduction to 15.5% for our example mortgage and allow the Recovery Mod to provide more substantial payment relief for most borrowers with a note rate above 4.50% or a remaining term of less than 25 years. Should FHA choose to increase the partial claim limit to 30% of UPB at default (Table 3), the Recovery Mod could deliver an 8% reduction in P&I for our example mortgage. With both enhancements (shown in Table 4), the Recovery Mod would provide a 21% P&I reduction for our example mortgage. In general, with the inclusion of both enhancements, the Recovery Mod would provide borrowers with between 14 and 23 percentage points of incremental P&I reduction.

Scenario 2. Current mortgage rates + 100 bps (Rounded PMMS = 6.25%)

Reduction in Principal and Interest Payments with 30-Year Market Rate = 6.250% and 40-Year Market Rate = 6.750%

1. 40-year Combo Mod + Max Principal Deferral (25% of UPB)

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	-16.2%	-11.0%	-5.5%	0.4%	6.6%
3.50%	-10.8%	-6.2%	-1.3%	4.0%	9.7%
4.00%	-5.8%	-1.7%	2.7%	7.4%	12.6%
4.50%	-1.1%	2.4%	6.4%	10.6%	15.3%
5.00%	3.2%	6.3%	9.8%	13.7%	17.9%
5.50%	7.1%	9.9%	13.0%	16.5%	20.4%
6.00%	10.8%	13.3%	16.0%	19.2%	22.7%

2. 40-year Combo Mod + Max Principal Deferral (25% of UPB) + MIP Elimination

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	-0.1%	4.4%	9.1%	14.1%	19.4%
3.50%	4.4%	8.3%	12.6%	17.1%	21.9%
4.00%	8.6%	12.0%	15.8%	19.9%	24.3%
4.50%	12.4%	15.5%	18.8%	22.5%	26.5%
5.00%	16.0%	18.7%	21.7%	25.0%	28.7%
5.50%	19.3%	21.7%	24.4%	27.3%	30.7%
6.00%	22.4%	24.5%	26.9%	29.6%	32.6%

3. 40-year Combo Mod + Max Principal Deferral (30% of UPB)

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	-9.4%	-4.5%	0.7%	6.2%	12.1%
3.50%	-4.3%	0.0%	4.6%	9.6%	14.9%
4.00%	0.3%	4.1%	8.3%	12.7%	17.6%
4.50%	4.6%	8.0%	11.7%	15.7%	20.1%
5.00%	8.6%	11.6%	14.9%	18.5%	22.5%
5.50%	12.3%	14.9%	17.9%	21.1%	24.8%
6.00%	15.7%	18.0%	20.7%	23.6%	26.9%

4. 40-year Combo Mod + Max Principal Deferral (30% of UPB) + MIP Elimination

	Remaining Term (years)				
Note Rate	28	26	24	22	20
3.00%	6.8%	10.9%	15.3%	20.0%	24.9%
3.50%	10.9%	14.5%	18.4%	22.6%	27.2%
4.00%	14.7%	17.9%	21.4%	25.2%	29.3%
4.50%	18.2%	21.0%	24.2%	27.6%	31.3%
5.00%	21.4%	24.0%	26.8%	29.8%	33.2%
5.50%	24.5%	26.7%	29.2%	32.0%	35.1%
6.00%	27.3%	29.2%	31.5%	34.0%	36.8%