



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

March 18, 2015

MORTGAGEE LETTER 2015-07

To	All FHA-Approved Mortgagees Servicing Single Family Mortgages
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Subject	Trial Payment Plans Associated with HUD's Loss Mitigation Loan Modification Options for Forward Mortgages
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Purpose	<p>The purpose of this Mortgagee Letter is to communicate:</p> <ul style="list-style-type: none">• requirements for plan duration, required signatures, and reporting for Trial Payment Plan (TPP) Agreements; and,• the conditions under which FHA deems a TPP to have failed. <p>These policies apply to all TPPs used with all Loan Modifications and Partial Claims, including those associated with FHA's Home Affordable Modification Program (FHA-HAMP).</p>
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Affected Policy	<p>The policies set forth in this Mortgagee Letter supersede the TPP guidelines in Mortgagee Letters 2009-23, 2011-28, 2012-22, and 2013-32, where there is a conflict.</p>
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Effective Date	<p>Mortgagees must implement the requirements in this Mortgagee Letter for all TPPs offered to borrowers on or after June 1, 2015.</p>
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Trial Payment Plan Duration	<p>For borrowers at risk of imminent default, the minimum TPP period is four months. All other TPPs are for a minimum period of three months.</p>
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Trial Payment Plan Agreement and Required Signatures	<p>The Trial Payment Plan Agreement is a written agreement to be executed by all parties on the original note, all parties on the FHA-insured mortgage, and all parties that will be subject to the modified mortgage and/or partial claim, except where:</p> <ul style="list-style-type: none">• a borrower or co-borrower is deceased;• a borrower and a co-borrower are divorced or legally separated; or• a borrower or co-borrower on the original note and mortgage has been released from liability in connection with an assumption performed in accordance with HUD's requirements.
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When a borrower uses a non-borrower household member's income in qualifying for a loss mitigation home retention option and that non-borrower household member will also be included on the modified note, FHA-insured mortgage and/or partial claim, the non-borrower household member must sign the TPP Agreement.

The mortgagee may evaluate a borrower on a case-by-case basis and provide an exception to the above TPP signature requirements when a borrower is unable to sign a TPP Agreement due to the borrower's physical disability, mental condition or military deployment.

Start of Trial Payments

The mortgagee must send the proposed TPP Agreement to the borrower at least 30 calendar days before the first trial payment is due.

Retention of Trial Payment Plan Documentation

The mortgagee must retain the following documentation in the servicing file:

- a copy of the executed TPP Agreement; and
- if the TPP Agreement was not signed by all parties on the original note and mortgage, documentation evidencing the mortgagee's review and approval of the TPP Agreement per the requirements in the "Trial Payment Plan Agreement and Required Signatures" section.

Trial Payment Plan Reporting

The mortgagee must take the following actions upon approving a borrower for a TPP:

- report in the Single Family Default Monitoring System (SFDMS) the default status code (Status Code 08 for Loan Modification or Status Code 39 for FHA-HAMP) for the type of TPP utilized; and
- continue to report in SFDMS the default status code until either the borrower successfully completes or fails the TPP.

Trial Payment Plan Failure

A TPP is considered to have failed when any one of the following actions occurs:

- The borrower fails to return the executed TPP before the first trial payment due date;
- The borrower vacates or abandons the property; or
- The borrower does not make a scheduled trial payment by the last day of the month in which it was due.

The mortgagee must review the borrower for other appropriate loss mitigation actions before commencing or continuing a foreclosure action.

**Information
Collection
Requirements**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2502-0589. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions

Any questions regarding this Mortgagee Letter may be directed to the HUD National Servicing Center at (877) 622-8525. Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature

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