

NCRC Recommendation: HOMEOWNERS EMERGENCY LOAN PROGRAM (Help Now)

<p>Action Plan</p>	<p>..... Reverse US Treasury Auction of At-Risk Mortgages</p>
<p>LOANS: Identifying Individual Loans & Freeing Loans through Repurchase</p>	<p>..... Use Proprietary Software to search all servicers for at risk mortgage loans and to Classify & Prioritize by single family, date of origination, probability of default or foreclosure, by state and by additional descriptors such as with second mortgages and documentation.</p>
<p>SELLERS: Incentivize Institutional CDO and Mortgage Loan Sellers for specific CDO issues</p>	<p>..... Individual loans will be Priced at mark to market by seller & third party. Local bank / FHLB will handle all documentation requirements</p>
<p>Decreasing Bid to Motivate Timely Sales</p>	<p>Bid decreases over time: e.g. Mark to market (M2M), M2M -10%, M2M-20%, M2M -50% on Month 1, Month 2 Month 3 respectively</p>
<p>Prioritize Loans for Successive Iterations of Treasury Auctions</p>	<p>Prioritization can be based on geography; type of product; year of origination; foreclosure status; other.</p>
<p>Loan Modifications Occur</p>	<p>Treasury empowers services to apply advance discount to outstanding loan amounts, resulting in the reduction of the principal balance.</p>
<p>GOVERNMENT TO ADVANCE FUNDS FOR LOAN PURCHASE: US Treasury to Fund Purchase & Manage the Refinancing and Repackaging of Loans</p>	<p>..... US Treasury to fund the purchase and the underwriting costs of the Reverse Auction Purchases. US Treasury will be reimbursed when the refinanced loans are underwritten to Fannie Specifications and sold. The proceeds will go to repay the US Treasury.</p>
<p>Loan Modifications Occur</p>	<p>Treasury empowers services to apply advance discount to outstanding loan amounts, resulting in the reduction of the principal balance. If discount is equal to or greater than 90% of the current home value the loan is modified and a new mortgage bond is issued for sale to institutional & MRI investors. Proceeds go to Treasury</p>
<p>Refinances Occur</p>	<p>If outstanding loan amount is greater than 90% LTV of current home value the loan is refinanced. Gap between 90% LTV of current home value and outstanding mortgage amount is made into soft second mortgage. A new mortgage bond is sold to institutional & MRI investors. Proceeds to US Treasury.</p>
<p>STRUCTURE: Structure: Simplified Loan Repackaging & Resale</p>	<p>..... - Repackaging will center around a highly simplified and clear mortgage backed or bond structure with direct access and measurement of collateral</p>

Structure: US Treasury to enhance with Unclaimed Financial Assets (UFA) as required to improve marketability

..... - US Treasury may credit enhance the modified, re-underwritten and repackaged pool of mortgages with a First Loss Guarantee which could be a use of Unclaimed Financial Assets (UFA) currently held at the US Treasury as a low to no cost form of credit en

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SOFT SECOND: US Treasury to Receive Soft Second

..... US Treasury will receive a soft second on the mortgage for the amount of the discount. Upon sale or refinancing, the US Treasury will receive payment prior to homeowner.

NATIONAL BACK-UP SERVICER:
National Servicer: Standard Fannie Docs Underwriting

..... Enlist a National Back-Up Servicer to work with existing servicers to handle the purchased mortgages which are being refinanced or modified. National Back-up servicer will maintain across the board acceptance and use of clean and uniform GSE underwriting documentation for later activity of package and resale. Recent GSE pricing increases would not apply.

HOMEOWNER: Homeowner New Responsibilities

..... Establish an Escrow account of 1 year worth of P&I Payments.

P&I RESERVE ACCOUNT: Work, Family & Friends Advance: 1 Year P&I

..... - Initiate a Family & Friends or a Business Advance Loan for the cash need for escrow account. Allow tax benefits for P&I advance to flow to business or friends & family for stabilizing one year of payments for homeowner

COUNSELING: Required Credit Counseling Attendance to Receive Benefits

..... - Homeowner to attend credit counseling and payment support group provided by local nonprofits e.g. NCRRC, CCCS, Neighborworks and others and funded by municipality. Attendance at meetings over the 12 months insures comprehensive financial awareness.

UNDERWRITING COUNSELING: Municipalities New Responsibilities

..... Each City & Town will benefit with curbing the foreclosure activity in their areas, therefore the per capita credit counseling and peer group support group session would be funded by local city & state government by underwriting the Neighborworks type of counseling that keeps the homeowner engaged in the new - enhanced and refinanced mortgage obligation

Rating Agency Lax Due Diligence

TBD

Reporting Requirements & Future Regulation

TBD