



Clarifire[®] Application

HOME AFFORDABLE MODIFICATION PROGRAM (HAMP)
USE THE CLARIFIRE APPLICATION TO
OUTPACE THE PACE OF CHANGE

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I. CLARIFIRE APPLICATION OVERVIEW

The Clarifire application is an easy to use web-based process automation technology solution that streamlines workflow as it automates, providing eMason's clients' real-time easy access to their business processes, workout rules, and results.

This advanced workflow technology is flexible, connectivity is effortless, and change is easy. The Clarifire application drives enterprises to dramatically reduce costs, increase productivity and revenues, and expand into new global markets all at once.

The benefits of the Clarifire application include:

- The Clarifire application is the only technology with Fannie Mae (FNMA) certified workout rules for Home Affordable Modification Program (HAMP), Pre-Foreclosure Sales (PFS), Home Saver Advance (HSA), and standard loan modifications.
- Ability to manage all internal and external processes in an esthetically appealing dashboard view providing immediate visibility into reporting and bottlenecks.
- The Clarifire application is an easy to use process automation software used by key financial institutions to manage their mortgage servicing processes. Users have the ability to reorganize workflows resulting in increased productivity, efficiencies, and revenues.
- The Clarifire application provides an element of flexibility which allows you to outpace ever changing market conditions.
- Business users can create new processes without incurring additional IT costs. The Clarifire application will decrease cycle times and resource costs with increased automation.

II. HAMP OVERVIEW

HAMP is a government sponsored program that offers assistance to millions of responsible US homeowners, both those who are in default and those who are at imminent risk of default, who are making a good-faith attempt to remain current with their mortgage payments. The goal of the program is to reduce the amount homeowners owe per month, to a sustainable level.

The reduction of the monthly mortgage payment is accomplished through a series of 4 steps (capitalize expenses, reduce the interest rate, extend the loan term, and principal forbearance) with the goal of a monthly mortgage ratio of 31 percent. These steps, the Waterfall Calculation, are integrated into the Clarifire application.

Once the mortgage ratio reaches 31 percent, the borrower enters a trial period. The rules for the trial period are built into the Clarifire application. Upon successful completion of the trial period, the Clarifire application recalculates the final loan terms and automatically generates the final loan modification package. The Clarifire application feeds this information to FNMA's system of record.

Document assembly is performed in the Clarifire application. HAMP documentation, including the final loan modification package and if needed, the "Counseling Letter", is generated via the Clarifire application.

Additional information regarding HAMP can be found at the following sites:

www.efanniemae.com
www.financialstability.gov
www.treasury.gov

III. PROVEN RESULTS OF THE CLARIFIRE APPLICATION FOR HAMP PROCESSING

- Eliminate Backlog - A large servicer removed their backlog in days versus months. In less than 3 weeks, the Clarifire application decisioned 28,000 cases from the Servicer's backlog and sent 15,000 HAMP letters to borrowers!
- Expedite Processing - the Clarifire application decisioned 100,000 loans in 40 minutes! 7,600 HAMP workouts (from a bulk import of 13,000 loans) in less than one hour, resulting in receipt of more than 1,000 payments in less than one week!
- Decrease Cycle Times - one servicer indicated it would have taken them 3 months to generate 7,600 decisions!
- Quality Assurance - the messaging feature in the Clarifire application validates submitted data and loan information resulting in 60% more delegated submissions!
- Financial Reward - an executive at a large servicer indicated the calculator functionality within the Clarifire application has saved him \$1.5 million!

IV. KEY BENEFITS OF THE CLARIFIRE APPLICATION FOR HAMP PROCESSING

- The Clarifire application is the only technology with FNMA certified workout rules for HAMP, Pre-Foreclosure Sales (PFS), Home Saver Advance (HSA), and standard loan modifications. This ensures that you are using the most current version of the business rules and when the rules change, the Clarifire application incorporates those changes.
- Automated Workflow - the Clarifire application provides a one-stop view of all work in a web-based dashboard, allowing users to reorganize workflows resulting in increased productivity, efficiencies, and revenues.
- Simple and Effective - the Clarifire application is your easy to use workflow automation tool for HAMP with quantifiable results. eMason's support team is available when you are.
- Reduce Costs
 - ✓ automated upload feature allows you to accurately process large loan volumes in less time
 - ✓ one-click decisioning through the HAMP four-step Waterfall calculation to arrive at accurate financial targets - accurate to the penny
- Enhanced Processing
 - ✓ validate and qualify data and loan information in minutes
 - ✓ the automated upload feature eliminates human error, reduces backlog, and increases your capacity
 - ✓ waterfall calculator, all trial period components, and fulfillment processes are incorporated in the Clarifire application
 - ✓ receive an immediate view of final modification terms, final HAMP recalculations, and workout completions
 - ✓ the latest federal program requirements are captured in the Clarifire application
- Procedural Efficiencies
 - ✓ a "notes" and "image" feature eliminates the need for additional means of communication
 - ✓ all necessary credentials can be uploaded to the Clarifire application
 - ✓ dashboards provide immediate visibility for management into reporting and bottlenecks; clear outline of next steps and process status
 - ✓ using the Clarifire application results in the processing of HAMP in a matter of a few clicks - the bulk upload feature reduces the need for manual data input, which simplifies the process and decreases the cycle time
 - ✓ the inherent flexibility of the Clarifire software enables users to adjust process workflows and modify dashboards, resulting in increased efficiencies
- Virtual Integration - the Clarifire's connectivity capabilities eliminates the need for multiple systems.
- Document Assembly - all HAMP correspondence can be generated in the Clarifire application.
- Treasury Reporting - export data directly from the Clarifire application ensuring accuracy and speed.

V. HAMP DECISIONING IN THE CLARIFIRE APPLICATION

The Clarifire application simplifies the decision process by using the four step (“Waterfall”) approach to determine if a qualified borrower meets the guidelines for HAMP. The goal is to bring the borrower to a 31 percent monthly mortgage payment ratio. The following 4 steps and associated rules are built into the Clarifire application.

1. Capitalize arrearages to determine monthly payment - in accordance with state laws, amounts include the UPB (unpaid principal balance), interest arrears, escrow advances, delinquent homeowner association fees (HOA), and attorney fees; late fees cannot be capitalized and must be waived if the borrower satisfies all of the conditions in the trial period plan.
2. Interest rate adjustment - reduce the current interest rate in increments of .125 percent, to arrive as close as possible to the targeted monthly mortgage payment ratio (31 percent). The interest rate floor is 2 percent.
3. Mortgage term extension - if step two does not result in a 31 percent monthly mortgage payment ratio, extend the term and re-amortize the loan up to 480 months from the modification effective date.
4. Principal forbearance - if steps 2 and 3 above do not result in a 31 percent monthly mortgage payment ratio, the servicer must provide principal forbearance to achieve the targeted monthly mortgage payment ratio.

NPV -The Clarifire application provides data input fields and allows a test of pre modification vs. post modification values.

The Clarifire Application HAMP Waterfall Example

Home Affordability (HMP) Loan Mod Results						
Home Affordability (HMP) Loan Mod						
Proposed Modification Terms	Payment Amount	Interest Rate	Number of Payments	Monthly Mortgage Payment Ratio		
Step 1 - Capitalization of Arrearages - Monthly Payment	\$1,803.85	6.75 %	348	45.13 %		
Step 2 - Interest Rate Adjustment	\$1,245.77	2.25 %	348	31.17 %		
Step 3 - Mortgage Term Extension	n/a	n/a	n/a	n/a		
Step 4 - Principal Forebearance	n/a	n/a	n/a	n/a		
<i>The Home Affordable Loan Mod amount is an estimate only and is based on the information provided.</i>						
(Estimated) New HMP Payment Information						
Waterfall Start	Principal Forbearance	New Loan Amount	Interest Rate	Number of Payments	Monthly Mortgage Payment Ratio	
\$211,316.19	\$0.00	\$211,316.19	2.25 %	348	31.17 %	
Payment on New Loan Amount					\$827.28	
Escrow Payment					\$318.49	
HOA Dues					\$100.00	
Escrow Shortage					\$0.00	
Target Payment (For 31% Test)					\$1,245.77	
MIP					\$249.80	
Less HOA Dues					-\$100.00	
Total Payment Amount					\$1,395.57	

VI. HAMP TRIAL PERIOD PROCESS IN THE CLARIFIRE APPLICATION

HAMP requires a successful completion of a modification trial period. The length of the trial period is dependent upon the status of the mortgage loan - in default or imminent default. The trial payment period is 3 months for mortgage loans that are already in default and 4 months for mortgage loans where the servicer has determined that a borrower is in imminent default.

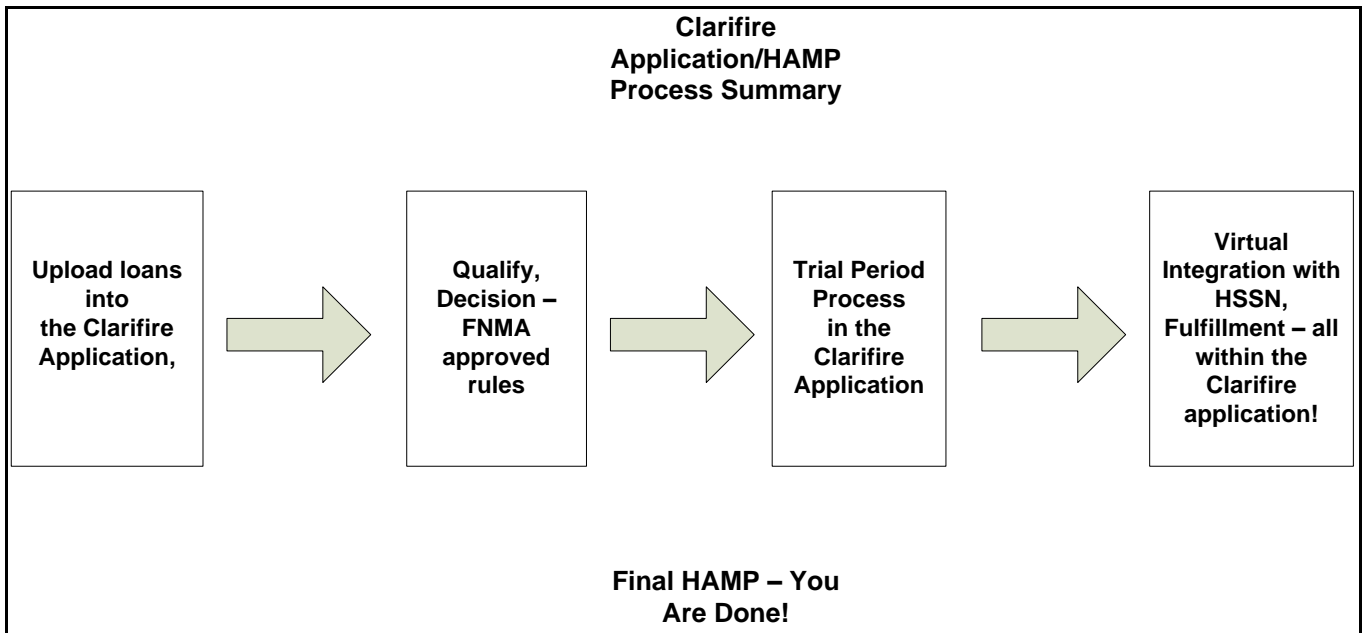
The Clarifire application accommodates the trial period requirements. Business rules integrated in the Clarifire application govern the successful completion of the trial period (for loans in default, loans in imminent default, and MBS loans) and allows for the re-projection of the trial period based upon payment receipt and/or income verification. Since the Clarifire application is virtually integrated with HSSN, the Clarifire application automatically sends a reporting update to FNMA after each trial period payment and sends a request for MBS pool reclassifications. Upon successful completion of the trial period, the final HAMP terms are recalculated and the workout is completed.

VII. FINAL HAMP MODIFICATION\DOCUMENTATION ASSEMBLY\FULFILLMENT

Once a loan is approved in the Clarifire application for HAMP, the final workout is completed and the final loan modification terms are recalculated. The final modification package letters are generated in the Clarifire application.

Servicers are required to send the HAMP counseling letter to borrowers with a back end ratio (monthly gross expenses/monthly gross income) equal to or greater than 55 percent. The Clarifire application has an action to send the HAMP counseling letter.

VIII. THE CLARIFIRE APPLICATION - HAMP PROCESS SUMMARY



IX. THE CLARIFIRE DASHBOARD

Manage all internal and external processes in a clear, comprehensive dashboard, which provides immediate visibility into any bottlenecks.

Current Dashboard: Loss Mitigation - Servicer			
Work Queue		Notes	
Overdue Deadlines	583	Questions to Review	165
Deadlines Due Next 3 Days	12	Responses To Review	12
Deadlines Next Two Weeks	0		
Attorney Monitoring Queue		Servicer Work Queue	
Review of Financials	42	Send Requested Information to Attorney	0
Prepare Workout Option	18	Pending Internal Review	200
Awaiting Additional Information from Borrower	2	Valuations to Order	74
Receipt of Information from Servicer	2	Valuations Received	13
Send Requested Information to Servicer	1	Workout Recommendations to Review	97
Send Recommendation to Servicer	15	Recommendations Awaiting Fannie Mae Review	7
Contact Borrower to Discuss Rejection	19	Awaiting Approval from Mortgage Insurance Company	50
Repay - Send Repayment Documents to Borrower	7	Prepare and Send Workout Documents to Borrower	63
Repay - Receipt of Executed Docs from Borrower	2	Receipt of Executed Documents from Borrower	29
Repay - Send Executed Documents to Servicer	0	Preforeclosure Closings Held	1
		Acknowledge Completed Repayment Plan	52
		Submit Completed Workout to HSSN	2
		Contact Borrower to Discuss Rejection	19
Attorney Monitoring of DIL Campaign Queue		Deed In Lieu Cases to Review	
Awaiting Completion of Signed Documents	0	Input Delegated Deed-in-Lieu Closed Case into HSSN	0
Attorney Negotiating Title	0		
Send Delegated Deed-in-Lieu to Servicer	0		
FC Sale Dates		Pre-Approval Preforeclosure Sales to Review	
Foreclosure Sale Dates Passed	200	HSSN-Submit for Fannie Mae "Mgmt" Approval	0
Foreclosure Sale Dates Next Two Weeks	15	Servicer to Accept Approved Preforeclosure	11
		Mortgage Insurance Approval of Preforeclosure	1
		Confirm Closing and Send Confirmation Letter	8
		Closings Held	0
		Submit to HSSN	0

The Clarifire application generates a competitive advantage by providing reduced costs of doing business, increased productivity, and the ability to effectively manage increased volumes with proven results. More than 20,000 users currently rely on the Clarifire application to automate their workflow. For Loss Mitigation, more than 110 attorney firms and 24 mega-servicers in the Fannie Mae network use the Clarifire application.

Send us your data and let the Clarifire application allow you to outpace the pace of change and volume!

For more information regarding how to get started processing HAMP through eMason's Clarifire application, please contact Kristin Bachula at (866)222-3370 or kbachula@emason.biz



Simplify and Clarify Processes

X. FREQUENTLY ASKED QUESTIONS

HOW CAN THE CLARIFIRE APPLICATION HELP ME SIMPLIFY HAMP?

1. How is delinquent interest calculated in the Clarifire application? Delinquent interest is calculated from the LPI to one month prior to the modification effective date. If a loan had an LPI of 1/1/2010 and workout initiated date of 3/1/2010 and the loan was in default it would have a three month trial period.
 - a. Trial Payment 1 4/1/2010
 - b. Trial Payment 2 5/1/2010
 - c. Trial Payment 3 6/1/2010
 - d. Modification Effective date 7/1/2010In this case the delinquent interest is calculated from the LPI of 1/1/2010 until one month prior to the mod effective date which is 6/1/2010.
2. Can I progress through the application if I only have the gross income? Absolutely! If only the gross income is available, the Clarifire application will calculate the net by dividing the gross by 1.25; if only the net is available, the Clarifire application will calculate the gross by multiplying the net by 1.25. The Clarifire application covers both gross and net even if only one of the incomes is provided.
3. If I use the Clarifire application, do I still need to update HSSN? No, you do not. The Clarifire application is virtually integrated with HSSN, which eliminates the need to update or submit via HSSN. During the trial period, the Clarifire application updates Fannie Mae after each trial period payment. Once a borrower has successfully completed the trial period, the Clarifire application will update Fannie Mae, recalculating the final HAMP terms and completing the workout. The Clarifire application's connectivity capabilities eliminate the need for multiple systems!
4. How does data from the Clarifire application get into DARTS? An XML is generated and sent to FNMA (sent every two hours) and DARTS is updated, including trial period information/payments. All information that needs to be entered into HSSN or DARTS, can be entered into the Clarifire application and all application information is routed, via XML, behind the scenes to the correct back-end system.
5. How does the Clarifire application help with the decisioning process? All workout types exist in a hierarchy in the Clarifire application. For any given loan, we have the most current certified Fannie Mae business rules in place to determine the appropriate workout type. When determining if a qualified borrower meets the guidelines for HAMP, the Clarifire application, in one click, takes you through the waterfall calculation (the goal is to bring the borrower to a 31 percent monthly mortgage payment ratio). The Clarifire application streamlines this decisioning and simplifies the calculations.
6. How do we get bulk information into the Clarifire application? We can upload bulk information into the Clarifire application via an XML, excel spreadsheets (with specified data elements), or a CSV (comma delimited file).
7. Can servicers customize HAMP documents or servicer logos? Yes, we provide standard documents and the servicer accepts or makes changes, as necessary and submits them back to eMason. Additional logs and changes can be made (with special mapping) and no code changes.
8. How does the Clarifire application work so quickly? The quickness of the calculation tools, the flexibility of the Clarifire software, the platform that the Clarifire application is built on, and the bulk upload feature results in getting the high volume of loans processed and decisioned so quickly.

Outpace the pace of change with the Clarifire application!

