

# housingactionillinois

## **Supplemental Directive 10-01 (New Guidelines for trial-to-permanent modifications)**

On January 28<sup>th</sup>, the U.S. Department of the Treasury and the Department of Housing and Urban Development (HUD) released Supplemental Directive 10-01. This directive outlines the new documentation process that is designed to increase the number of trial modifications that become permanent. Prior to this new directive, servicers had the option to place borrowers into trial modifications based on verbal financial information obtained from the borrower. This information would then be subject to later verification during the trial period.

Effective June 1<sup>st</sup>, 2010, servicers are required to collect key financial documents from the borrower before he/she can be evaluated for a temporary loan modification. The financial documents, referred to as the “Initial Package”, will include:

- Request for Modification and Affidavit (RMA) Form,
- IRS Form 4506-T or 4506T-EZ, and
- Evidence of Income (the income evidence provided by the borrower may not be more than 90 days old as of the date the Initial Package is received by the servicer).

Directive 10-01 summarizes a two-step process for servicers working with HAMP modifications.

- Following the evaluation of the Initial Package, servicers will place qualified borrowers in a trial period plan by sending them a Trial Period Plan Notice. This notice will state the terms of the trial modification and the payment due dates. The trial period is three months in duration (or longer if necessary to follow with applicable contractual obligations).
- Borrowers must be current under the terms of the trial period plan at the end of the trial period. Borrowers who make all trial period payments in a timely matter will be offered a permanent HAMP modification.

The requirement of upfront and simplified documentation is intended to make it both easier and quicker to convert trial modifications to permanent modifications.

For More information on the complete detail of Supplemental Directive 10-01, please visit: [https://www.hmpadmin.com/portal/docs/hamp\\_servicer/sd1001.pdf](https://www.hmpadmin.com/portal/docs/hamp_servicer/sd1001.pdf)

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