

**HOPE for Homeowners  
Subordinate Lien Upfront  
Payment Worksheet**

**U.S. Department of Housing and  
Urban Development**  
  
Federal Housing Administration

OMB Approval No. 2502-0579  
(exp. 11/30/2012)

Borrower(s) Name		FHA Case Number
Property Address		Appraised Value
Originating Lender Name		Appraisal Date
First Lien Holder Name	Third Lien Holder Name (if any)	
Second Lien Holder Name	Fourth Lien Holder Name (if any)	

	First Lien	Second Lien	Third Lien (if any)	Fourth Lien (if any)	Line Total
<b>1. Principal *</b>					
<b>2. Accrued Interest *</b>					
<b>3. Amount Owed</b> (Line 1 + Line 2)					
<b>4. LTV</b> (Line 3 ÷ Appraised Value)					
<b>5. Cumulative LTV **</b>					
<b>6. Days Past Due</b>					
<b>7. Upfront Payment Factor</b>					
<b>8. Upfront Payment</b> (Line 3 × Line 7)					

**Instructions.** In accordance with the chart to the right, subordinate lien holders may receive an upfront payment equal to a percentage of the principal and accrued interest they are writing off. The Upfront Payment Factor for each subordinate lien is based on the number of days the lien is past due at the time of HOPE for Homeowners loan application and the lien's Cumulative Loan-to-Value Ratio (Cumulative LTV).

UPFRONT PAYMENT FACTORS		Days Past Due (#)			
		0 - 29	30 - 59	60 - 89	90 +
Cumulative LTV (%)	≤ 90.00	0.50	0.40	0.28	0.09
	90.01 - 100.00	0.45	0.36	0.26	0.06
	100.01 - 125.00	0.35	0.28	0.20	0.03
	125.01 - 150.00	0.20	0.16	0.11	0.03
	> 150.00	0.10	0.08	0.03	0.03

\* When completing the above worksheet, use the principal and accrued interest amounts as of the first day of the month in which the HOPE for Homeowners loan application was made, with interest calculated at the pre-default contract rate.

\*\* A lien's Cumulative LTV is the sum of its LTV and the LTVs of all more senior liens. For instance, the Cumulative LTV of a third lien equals the sum of the third's LTV, the second's LTV, and the first's LTV. When complete, the Total of Line 4 should approximately equal to the Cumulative LTV of the most junior loan. (Unavoidable rounding errors caused by working with decimals may prevent the two boxes from matching exactly.)

Subordinate Lien Holder Authorized Signature	Title	Date
Subordinate Lien Holder Address	Telephone	
Originating Lender Authorized Signature	Title	Date

**EXAMPLE OF A COMPLETED  
SUBORDINATE LIEN UPFRONT PAYMENT WORKSHEET**

This is an example of a properly completed Subordinate Lien Upfront Payment Worksheet, in a case where there is only one subordinate lien. (If there was a second subordinate lien (a third lien), the Third Lien column of the Worksheet would also be completed.)

The example property is currently appraised at \$100,000 with a primary lien of \$100,000 (\$95,000 principal and \$5,000 accrued interest) and a subordinate lien of \$18,000 (\$17,000 principal and \$1,000 accrued interest). The subordinate lien is 32 days past due at the time of application.

Given this information, the Subordinate Lien Upfront Payment Worksheet is completed as follows:

	First Lien	Second Lien	Third Lien (if any)	Fourth Lien (if any)	Line Total
<b>1. Principal</b>	\$95,000	\$17,000			\$112,000
<b>2. Accrued Interest</b>	\$5,000	\$1,000			\$6,000
<b>3. Amount Owed</b> (Line 1 + Line 2)	\$100,000	\$18,000			\$118,000
<b>4. LTV</b> (Line 3 ÷ Appraised Value)	100%	18%			118%
<b>5. Cumulative LTV</b>	100%	118%			
<b>6. Days Past Due</b>		32			
<b>7. Upfront Payment Factor</b>		0.28			
<b>8. Upfront Payment</b> (Line 3 × Line 7)		\$5,040			\$5,040

**Calculating Cumulative LTV.** The Cumulative LTV (Row 5) for a first lien equals its LTV (Row 4). For a second lien, the Cumulative LTV equal the first lien's LTV plus the second lien's LTV. In this example, the second lien's Cumulative LTV is 100% plus 18%, or 118%.

If the example property had a third lien, the third lien's Cumulative LTV would be calculated as 100% plus 18%, plus the third lien's LTV.

**Determining Upfront Payment Factor.** Use a subordinate lien's Cumulative LTV (Row 5) and its Days Past Due (Row 6) to determine the appropriate Upfront Payment Factor on the "Upfront Payment Factors" chart, on page one of this form. In this example, the second lien's Upfront Payment Factor of 0.28 is determined as follows:

UPFRONT PAYMENT FACTORS		Days Past Due (#)			
		0 - 29	30 - 59	60 - 89	90 +
Cumulative LTV (%)	≤ 90.00	0.50	0.40	0.28	0.09
	90.01 - 100.00	0.45	0.36	0.26	0.06
	100.01 - 125.00	0.35	0.28	0.20	0.03
	125.01 - 150.00	0.20	0.16	0.11	0.03
	> 150.00	0.10	0.08	0.03	0.03

If the example property had a third lien, its Upfront Payment Factor would be determined in the same manner, using the third lien's Cumulative LTV and Days Past Due.

**"Public reporting burden** for this collection of information is estimated to average 2 hours. This includes the time for collecting, reviewing, and reporting the data. The information is being collected for a temporary FHA program that offers homeowners and existing mortgage loan holders (or servicers acting on their behalf) insurance on the refinancing of loans for distressed mortgagors. The information will be used for determining the eligibility requirements and underwriting procedures. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

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