![Department of Commerce logo - State of Washington. Innovation is in our nature.](logo)

2015 All-Foreclosure Mediator Event
NPV and CFPB Scenarios and Quiz

NOTE: Answers to the quiz questions are in the document titled "NPV and CFPB Quiz Answers"

<u>**NPV Scenario 1**</u>
This case was referred over a year ago. Mediator has been unsuccessful at getting information from beneficiary regarding when the review will be complete and has declined to reschedule the session yet again. In session the borrower reveals that last night she has just received news that she has been given a long overdue promotion that raises her income to $3,000. The NPV has already been run by borrower representative and shows a pass. Borrower asks what if any difference this makes to the outcome of the NPV. It is agreed they will work together to rerun the NPV. Parties agree on the following inputs: Original loan: $98,500, over 30 years, interest rate 7.250, and payment of $671.94 P & I. There are 208 months left on the term and it is 20 months past due. Advances and escrow are $1,713. Current value of the home is $104,000. Monthly taxes and insurance is $181. Borrower income has been $2000 a month. You are the mediator.

<u>Question:</u>
a. What does this increase mean for the NPV?

<u>**NPV Scenario 2**</u>
Borrower and beneficiary are working together on a short sale for the home. Borrower real estate agent has requested that the asking price be reduced as the home has been in foreclosure for over a year and repairs are now needed due to weather damage. Parties have agreed to meet and have a conversation with the beneficiary representative, as borrower and real estate agent have been unsuccessful in getting any response to the request. During the session the beneficiary representative indicates they have completed a new BPO/Appraisal and the property values in this neighborhood have actually increased and the home has increased in value $120,000. Now there are questions as to how the parties want to move forward and whether the NPV will still indicate a pass. It is agreed that parties will run the NPV during session to get some answers. Parties agree on the following inputs: Original loan: $98,500, over 30 years, interest rate 7.250, and payment of $671.94 P & I. There are 208 months left on the term and it is 20 months past due. Advances and escrow are $1,713. Current value of the home is $104,000. Monthly taxes and insurance is $181. Borrower income has been $2,000 a month. You are the mediator.

Questions:
a. Is it more profitable for the beneficiary to foreclose or to modify?
b. Does the property now pass or fail the NPV?
c. What is the difference between the two options of foreclosure or modification in terms of dollar value?
d. If the HPAF is now 0% on both sides, does it pass or fail?

CPBP Scenario 1
The sale date for the borrower's home is set for November 28, 2015. Borrower submitted a complete loss mitigation packet to the servicer on August 1, 2015. Borrower was given a loss mitigation offer by servicer on November 12, 2015.

Question:
a. How many days does the borrower have to accept or reject the offer?

CPBP Scenario 2
The sale date for the borrower's home is set for November 28, 2015. The case is in mediation and you are the assigned mediator. Borrower submitted a complete loss mitigation packet to the servicer on October 31, 2015, and has met all applicable mediation timelines for submission of the application. Servicer states they are under no obligation to review the completed loss mitigation application.

Questions:
a. Does servicer have to review?
b. Would servicer need to review if the borrower had applied for and was rejected for loss mitigation before the new rules took effect?

CPBP Scenario 3
In the mediation session beneficiary informs borrower that they were denied a modification. Borrower and borrower representative ask for an explanation of the reason for denial. They are informed that it is simply a "no" with no reason indicated other than it was an investor issue. You are the mediator.

Questions:
a. Is this answer sufficient?
b. If not, why not, and where can this standard be found?