

.11 MODIFICATIONS

Under certain terms and conditions, an AHFC loan may be modified. If approval by the loan insurer/guarantor is required, the Servicer is responsible for obtaining the approval prior to submission to AHFC.

The Servicer is to use a Modification Agreement ([Form SER-57](#)) when modifying an AHFC loan. The original modification agreement must be sent to AHFC's Servicing Department.

The Servicer is strongly urged to contact AHFC for verification of the terms of the Modification Agreement ([Form SER-57](#)) prior to the borrower signing the modification agreement.

A. Principal Curtailments

If the borrower makes a significant principal reduction and submits a request to re-amortize the balance over the remaining term, the Servicer must process a request for any current loan (except Multi-Family). Submit the original Modification Agreement ([Form SER-57](#)) to AHFC.

B. Increased Loan Balance

If AHFC has given prior approval of advancement for additional funds, the Servicer should advance the funds and do a negative principal transaction at loan level to increase its balance. Coordination of the computer changes is critical with this type of modification. Contact AHFC prior to making the changes. If the new principal balance exceeds the original loan amount, the modification must be recorded. The following documentation is required:

1. Modification Agreement ([Form SER-57](#));
2. Evidence that AHFC's lien position has not changed because of this modification.

C. Interest Rate

In certain cases, the interest rate may be modified if a loan is assumed; AHFC will provide written notice to the Servicer if the interest rate will change. The following documentation is required:

1. Modification Agreement ([Form SER-57](#)); or
2. Modification Agreement ([Form ASM-29](#)) - this document must be recorded; and

3. Evidence that AHFC's lien position has not changed because of this modification.

D. Energy Efficiency Interest Rate Reduction

1. Eligibility

If the loan was originated under this program, it may be eligible for an interest rate reduction. If the loan balance exceeds \$200,000, the loan is to be reviewed for a Blended Interest Rate Reduction.

Improvements and final rating must be completed within 365 days of closing. The documents must be submitted to the Servicer no later than 30 calendar days after this date.

- a. Initial energy rating performed using the same software library version as the initial rating;
- b. Final energy rating; and
- c. Amended Tax-Exempt Acquisition Cost Certification ([Form PRG-47](#)) on Tax-Exempt First-Time Homebuyer loans only;
- d. Copy of Notice of Potential Eligibility for an EEIRR ([Form UND-10](#));

OR

Copy of One-Step Construction Loan Notice of Potential EEIRR ([Form UND-10A](#));

- e. Copy of Loan Information Worksheet ([Form UND-3](#)) or the AHFC Commitment Contract reflecting Proposed Energy in the Options section;
- f. Any other pertinent documents, if applicable.

2. Approval

After review, AHFC will notify the Servicer of the terms of the modification. The Servicer is to provide a copy of the modification agreement to AHFC prior to obtaining the borrower's signature for AHFC to validate the fields within the agreement. The following documentation is required:

- a. Modification of Agreement ([Form SER-57](#));

- b. Modification Agreement ([Form PUR-3](#)) – if IRRLIB Program loan.