

Updated: COVID-19 Loss Mitigation Waterfall

Investor and Agency requirements are continually evolving as COVID 19 progresses

During the Loss Mitigation process, the servicer will make escrow advances as needed to pay taxes and insurance



Forbearance Plan
(Not payment forgiveness - customers contact servicer - state COVID 19 hardship)

- COVID-19 forbearance available for **Federally-Backed Mortgage** loans = FHA, VA, RHS/USDA and Conventional loans purchased by Fannie Mae or Freddie Mac
- Reduced or suspended Payments for 90-180 days with option to extend additional 180 days
- **Not payment forgiveness**
- Best to pay as much as possible to minimize past due amounts
- Negative credit bureau reporting and late fee assessment suspended (If customer was current or under 30 days delinquent for March, 2020 payment due)
- Prior to end of the forbearance period, hardship/financial status must be evaluated to determine next actions

Reinstatement

- Customer is able to pay all past due amounts to bring the loan current
- This is an available option and not a requirement

Repayment Plan
(Customers' eligibility evaluated)

- Monthly contractual payment plus additional repayment amount
- Repayment Plans greater than 12 months require Fannie Mae/Freddie Mac approval
- **Fannie Mae Requirement:** The combined Forbearance and Repayment Plan cannot exceed a period of 36 months

Lump Sum at Payoff - (Customers' eligibility evaluated)

- Hardship ended – ready to resume making contractual monthly payments
- Unable to remit the additional amounts required under a repayment plan

- Conventional FNMA/FHLMC and VA Payment Deferral**
- Loan must have been current or less than 31 days (1 month) delinquent as of the date of the forbearance request for assistance
 - 31 or more days (1 month) delinquent but less than or equal to 360 days (12 months) delinquent as of the date of evaluation
 - **Payment Deferrals - defer up to 12 months of past-due Principal and Interest (P&I) payments, out of pocket escrow advances and servicing advances paid to third parties (if advances are agency/investor reimbursable and not a Servicer required expense) – subject to applicable state laws**
 - Past due amounts are deferred as a non- interest bearing balance - must be paid in full at payoff or other liquidation - loan term not extended

- FHA Partial Claim – separate HUD promissory note**
- HUD advances up to 12 delinquent payments to servicer- new non-interest bearing note between HUD and customer due at payoff/liquidation

Modification
(Customers' eligibility evaluated)

- Customer has a long term financial hardship and cannot become current through a Reinstatement, Repayment Plan, a deferment or a HUD Partial Claim
- Modification of some or all terms of the original note: interest rate, UPB, payment amount and term

CREDIT BUREAU REPORTING UNDER THE CARES ACT OF 2020
If customers were current prior to the COVID-19 forbearance request, the mortgage will be reported as current even if loss mitigation payment accommodations are made – this same approach is being applied to longer term loss mitigations solutions

Foreclosure and Eviction moratoriums continue to be extended into 2021 – extensions continue to be issued. (May be applicable state level extensions that apply)