MPF® Announcement

MPF Announcement:
2021-07

Date:
January 27, 2021

Alert:
Clarification
New Policy
Policy Update
Reminder
Training Information

Audience:
Compliance/Legal
Program Management
Origination
Quality Control
Servicing
Underwriting

Product:
MPF Direct
MPF Government MBS
MPF Traditional
MPF Xtra®

Effective Date:

Immediately (unless otherwise noted)

Reference

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COVID-19 Related Servicing Guidance for MPF Traditional (Conventional) Loans

In order to help Servicers understand the available servicing related accommodations available for **MPF Traditional (Conventional)** loans affected by COVID-19 and understand their obligations when assisting such Borrower, the MPF Program is issuing this guidance which supersedes any conflicting current Guide provisions or recent COVID-19 announcements, including provisions related to late fees, capitalizing interest, etc…

PFIs and Servicers originating, delivering, or servicing:

- MPF Government loans and MPF Government MBS loans must follow relief policies and guidance issued by the applicable Government Agencies.
- MPF Xtra loans must follow relief policies and guidance issued by Fannie Mae.
- MPF Direct loans must follow relief policies and guidance issued by the product's investor, Redwood Trust.

In addition, PFIs and Servicers are expected to abide by any/all federal or state laws or proclamations that may affect Borrowers or loans affected by COVID-19.

Any Servicer who has finalized a Post-initial 90 day forbearance plan workout option that does not meet the requirements of this announcement should contact their MPF Bank immediately.

Changes since MPF Announcement 2020-84:

- **UPDATE**: Extended the suspension of foreclosure-related activities from January 31, 2021 to February 28, 2021.
- **UPDATE:** Content that no longer applies has been redlined within the announcement and will be removed in the next publication (such as guidance regarding evictions).

The following temporary policies are covered in this announcement. New and updated policies are noted, other policies remain as originally issued:

- Taxes, Insurance, MI payments and other advances (Issued on April 23, 2020)
- Disbursing insurance loss proceeds (Issued on September 14, 2020)
- Impact of COVID-19 on previously modified loans (Issued on September 14, 2020)
- Initial 90 day forbearance period (Issued on March 19, 2020, and updated on April 23, 2020, and July 7, 2020)
- Post-initial 90 day forbearance plan (Issued on March 19, 2020, updated on April 23, 2020, April 30, 2020, May 19, 2020 and July 7, 2020)
- COVID-19 Payment Deferral Plan (Issued on May 19, 2020 , July 7,2020, and updated September 14, 2020)
    - Determining eligibility for a COVID-19 payment deferral
    - Determining eligibility for a COVID-19 payment deferral for a Texas Section 50(a)(6) loan
    - Performing an Escrow Analysis (Issued on September 14, 2020)
    - Determining the COVID-19 payment deferral terms
    - Completing a COVID-19 payment deferral
    - Processing a COVID-19 payment deferral for a mortgage loan with mortgage insurance
    - Credit bureau reporting for a COVID-19 payment deferral
    - Handling fees and late charges in connection with a COVID-19 payment deferral
    - Servicing fees for a COVID-19 payment deferral
    - COVID-19 Payment deferral expenses
    - Reporting responsibilities for a COVID-19 payment deferral
- Workout hierarchy (Issued April 30, 2020, updated May 19, 2020)
- Attempting to establish QRPC (Issued March 26, 2020)
- Late Fees (Issued March 20, 2020)
- Reporting a reason for delinquency code (Issued March 26, 2020 and updated July 7, 2020)
- Property inspections and preservation (Issued March 26, 2020 and updated May 19, 2020)
- Mortgage Insurance Termination Requests (Issued December 21, 2021)
- Obtaining valuations associated with MI termination requests (Issued March 26, 2020)
- Electronic Signatures (Issued April 10, 2020)
- Credit reporting (Issued March 20, 2020 and updated May 19, 2020)
- Foreclosure sales (Issued March 20, 2020, updated May 19, 2020, June 23, 2020, September 14, 2020, December 21, 2020, and January 27, 2021) (UPDATED)
- Bankruptcy Requirements (Issued May 19, 2020)
- ~~Evictions (Issued April 10, 2020)~~
- Training (Updated July 7, 2020)
- General resources
    - Appendix A: COVID-19 Payment Deferral Agreement
    - Appendix B: COVID-19 Payment Deferral Plan Worksheet

To assist Borrowers who have experienced a hardship resulting from COVID-19 (for example, unemployment, reduction in regular work hours, or illness of a Borrower/Co-borrower or dependent family member) which has impacted their ability to make their monthly mortgage loan payment, the Servicer should evaluate the Borrower for a forbearance plan as provided for in this Announcement.

As a reminder, Servicers are expected to abide by any/all federal or state laws. If Servicers are providing accommodations to comply with any applicable law or investor requirement that conflicts with the guidance published in the MPF Guides or in the MPF Traditional COVID-19 announcements, then Servicers are required to notify the MPF Provider and MPF Bank to ensure that accurate records are maintained.

The Servicer must achieve quality right party contact (QRPC) with the Borrower prior to offering a forbearance plan.

Servicers must obtain mortgage insurance company's approval (if applicable) prior to granting any forbearance plan, and must obtain prior approval through the MPF Provider before granting relief that exceeds the guidance or timeframes provided for in this announcement.

Servicers under the Scheduled/Scheduled remittance option are expected to continue making monthly payments to the mortgage loans' investor as required under Applicable Agreements.

Taxes, Insurance, MI payments and other advances

All Servicers (regardless of remittance type) are required to make any and all advances necessary to preserve the lien and the property (including taxes, insurance, MI payments), as is currently required under the MPF Guides, regardless of loan status at time of granting the forbearance or of escrow status of the loan, for the duration of the forbearance plan. Servicers will want to ensure the agreed upon method of repayment of the forbearance plan takes into account repayment of these advances, as permitted under Applicable Laws, the Note, and the Security Instrument.

Effective: April 23, 2020

Disbursing insurance loss proceeds

When determining the mortgage loan status for disbursing insurance loss proceeds for a borrower impacted by COVID-19 Servicer must consider the loan to be current or less than 31 days delinquent for purposes of disbursing insurance loss proceeds if:

- the Borrower experienced a COVID-19 related hardship;
- the mortgage loan was current or less than two months delinquent as of March 1, 2020, the effective date of the National Emergency declaration related to COVID-19; and
- at the time of the loss event, the borrower is performing on a COVID-19 related forbearance plan, repayment plan, or Temporary Loan Payment Modification Plan.

The Servicer must otherwise disburse the proceeds in accordance with MPF Traditional Servicing Guide Section 4.6 Property Loss Events and Insurance Loss Settlements.

The Servicer must document in the mortgage loan servicing file the date that the COVID-related hardship began and the date of the insured loss event.

Effective: September 14, 2020

Impact of COVID-19 on Previously Modified Loans

If at the time of the forbearance request, the mortgage loan was previously modified or in an initial trial period for a temporary loan modification, (pursuant to MPF Traditional Servicing guide Section 9 – Temporary Loan Payment Modification Plan), the Borrower will not lose good standing/terminate the terms of the loan modification if the Borrower:

- o immediately reinstates the mortgage loan upon expiration of the COVID-19 related forbearance plan, or

- transitions directly from a COVID-19 related forbearance plan to a repayment plan.

Effective: September 14, 2020

Initial 90 day forbearance period

When a Borrower has requested a forbearance based on COVID-19 related difficulties, Servicers may grant a forbearance of up to 90 day regardless of the status of the loan at the time of the request, and without obtaining any documentation of Borrower hardship. No prior approval is needed from the MPF Bank or MPF Provider. However, Servicers are required to ensure the granting of the forbearance is acceptable to any applicable MI company.

The forbearance plan may be verbally agreed upon by the Borrower, but the terms of the plan should be provided to the Borrower in writing, as soon after granting the plan as possible, and should include a description of what the Borrower should expect during the plan period, that the payments which are the subject of the forbearance plan have only been delayed or reduced, not forgiven, and that once the forbearance plan is complete, the Borrower will be responsible for bringing the loan current, through a reinstatement, paying the loan in full or pursuant to a subsequent loss mitigation plan to be agreed to prior to the expiration of the forbearance plan.

The Servicer must also inform the Borrower that he or she may shorten a forbearance plan term at any time to reduce the amount of payments which are being delayed or reduced.

Borrower's acknowledgment or signature is not required.

The Servicer must report the loan on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) monthly with an Action Code = 12, a Delinquency Status Code = 9, a Delinquency Reason Code = 22 accompanied by the Loss Mitigation Approval (effective) Date and Loss Mitigation Estimated Completion Date or Loss Mitigation Actual Completion Date, as applicable.

Effective: March 19, 2020 (Updated April 23, 2020 and July 7, 2020)

Post-initial 90 day forbearance plan

Servicers are expected to begin attempts to contact the Borrowers who have received an initial 90 day forbearance plan in response to COVID-19 no later than 30 days prior to the expiration of the forbearance plan term, to complete an assessment of each Mortgage Loan to determine the appropriate workout alternative that best fits the Borrower's circumstances and determine what loss mitigation option is appropriate.

Loss mitigation options available post initial 90 day forbearance, to Borrowers affected by COVID-19, include:

- extending the forbearance plan
  - Where the hardship appears not to be resolved, Servicer may extend forbearance to Borrower in separate, shorter incremental periods, with total forbearance period (including the initial 90 day forbearance period) not to exceed 12 months
  - Servicers must complete an assessment of each Borrower to determine that an extension of the forbearance plan period is the appropriate workout alternative that best fits the Borrower's circumstances
  - Servicer's must submit the following to the MPF Provider to obtain prior approval:
    - Workout Worksheet (Form SG354) and all required supporting documentation as indicated on the Workout Worksheet;
    - A copy of the proposed Forbearance Plan; and
    - Borrower Hardship Certification (Form SG402)
  - Servicers must ensure the granting of the extended forbearance is acceptable to any applicable MI company – proof must be retained in the Mortgage File.

  - Servicer must ensure priority of the lien of the Mortgage Loan remains in effect and is not adversely affected.
  - The plan must be in a written agreement, must meet all Applicable Law requirements, and must be executed by both the Borrower and the Servicer – no form required but must include "Failure to abide by the terms of the agreement will result in the termination of the Forbearance Plan and all missed payments being due immediately."
  - Prior to the expiration of a forbearance extension, Servicer must complete an assessment to determine the appropriate workout alternative that best fits the Borrower's circumstances.
  - The Servicer must report the loan on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) monthly with an Action Code = 20, a Delinquency Status Code = 9, a Delinquency Reason Code = 22, Loss Mitigation Type = FFA (Formal Forbearance Agreement), accompanied by the Loss Mitigation Approval (effective) Date and Loss Mitigation Estimated Completion Date or Loss Mitigation Actual Completion Date, as applicable.
- reinstatement
  - Where the hardship has been resolved, and Borrower is able to reinstate the loan by repaying full amount of arrears resulting from a COVID-19 forbearance plan, Servicer must require the Borrower to make such payment in a lump sum at the end of the COVID-19 forbearance plan.
  - Borrower will resume their regular monthly payments at the end of the COVID-19 forbearance plan period.
  - If the loan does not become current in the month the Servicer has been notified that the Borrower intends to reinstate, the Servicer must report the loan on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) by repeating what was reported in the previous month but changing the Delinquency Status Code to = 20, accompanied by the Loss Mitigation Approval (effective) Date and Loss Mitigation Estimated Completion Date or Loss Mitigation Actual Completion Date, as applicable.
- repayment plan (see MPF Traditional Servicing Guide 8.5.4):
  - Where the hardship appears to have been resolved, and Borrower is not able to reinstate the loan, Servicer must assess Borrower for a repayment plan that would ~~may~~ allow Borrower to make payments in excess of the regular monthly payments over a period not to exceed 12 months to cover full amount of arrears resulting from a COVID-19 forbearance plan (including principal, interest and advances as described in the "Taxes, Insurance, MI payments and other advances" section above) as permitted by Applicable Law and loan documents.
    - If repayment period of up to 3 months:
      - no prior approval needed from MPF Bank or MPF Provider
    - If repayment period of over 3 months without exceeding 12 months:
      - Servicer's must submit the following to the MPF Provider to obtain prior approval:
        - Workout Worksheet (Form SG354)
        - Borrower Hardship Certification (Form SG402).
      - plan must be in a written agreement, must meet all Applicable Law requirements and must be executed by both the Borrower and the Servicer
    - If repayment period of more than 12 months is required, Servicers must receive prior approval by submitting request to the MPF Provider or Servicer may consider a COVID-19 payment deferral plan (See below)
  - MI approval is required (where applicable) – proof must be retained in the Mortgage File
  - Servicer must ensure priority of the lien of the Mortgage Loan remains in effect and is not adversely affected.
  - The Servicer must report the loan on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) monthly with an Action Code = 20, a Delinquency Status Code = 12, a Delinquency Reason Code = 22 accompanied by the Loss Mitigation Approval (effective) Date and Loss Mitigation Estimated Completion Date or Loss Mitigation Actual Completion Date, as applicable.
- payment deferral plan

  - o Where the hardship appears to have been resolved, and the Borrower does not have the ability to afford a repayment plan,

  Servicer must assess Borrower for a COVID-19 deferral plan. (see applicable sections below for requirements).

- loan modification (see MPF Traditional Servicing Guide Chapter 9)
  - o Where the Borrower is experiencing a hardship that has resulted in a permanent or long-term decrease in income or increase in expenses Servicer must assess Borrower for a loan modification pursuant to provisions in MPF Traditional Servicing Guide Chapter 9. (Note: provisions of this announcement supersede any conflicting MPF Guide provisions, including provisions related to late fees, capitalizing interest, etc…)
  - o The Servicer must report the loan on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) monthly with an Action Code = 12, a Delinquency Status Code = BF during the Trial Payment Period or 28 after successful completion of the Trial Payment Period, a Delinquency Reason Code = 22, a Loss Mitigation Type = Temporary Modification accompanied by the Loss Mitigation Approval (effective) Date and Loss Mitigation Estimated Completion Date or Loss Mitigation Actual Completion Date, as applicable.
- liquidation workout option
  - o Where the Borrower is experiencing a hardship that has resulted in a permanent or long-term decrease in income or increase in expenses, and the Borrower no longer wishes to remain in the home, Servicer must assess Borrower for a:
    - ▪ Short Sale (MPF Traditional Servicing Guide Section 8.6.1) or
    - ▪ Deed-in-Lieu of Foreclosure (MPF Traditional Servicing Guide Section 8.6.2)
  - o To report a Short Sale, the Servicer must report the loan on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) monthly with an Action Code = 20, a Delinquency Status Code = 17, a Delinquency Reason Code = 22, a Loss Mitigation Type = SS accompanied by the Loss Mitigation Approval (effective) Date and Loss Mitigation Estimated Completion Date or Loss Mitigation Actual Completion Date, as applicable.
  - o To report a Deed-in-Lieu, the Servicer must report the loan on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) monthly with an Action Code = 20, a Delinquency Status Code = 44, a Delinquency Reason Code = 22, a Loss Mitigation Type = DIL accompanied by the Loss Mitigation Approval Date and Loss Mitigation Estimated Completion Date or Loss Mitigation Actual Completion Date as applicable.

Interest should continue accruing at the Note rate during the forbearance period, but should not be compounded on the missed payments after the forbearance period(s) concludes.

In addition, no late fees, administrative fees or other such fees should be applied to any of the payments that were part of a COVID-19 related forbearance plan (either initial or extended), and should not be included in any repayment plan or loan modification plan for such payments.

Efforts to assess Borrowers for these loss mitigation options must continue until either QRPC is achieved or the forbearance plan term has expired.

Servicers can reach out to their MPF Bank and/or the MPF Provider (as applicable) when they encounter a particular situation they wish to address that does not meet these requirements.

Effective: March 19, 2020 (updated on April 23, 2020, April 30, 2020, May 19, 2020 and July 7, 2020)

COVID-19 Payment Deferral Plan

The MPF Program provides a home retention workout option for **MPF Traditional (Conventional)** loans, enabling Servicers to assist eligible Borrowers who are nearing the end of a COVID-19 related forbearance plan and have resolved a temporary hardship and are prepared to resume their monthly contractual payments but cannot afford either a full reinstatement or repayment plan to bring the loan current, or for Borrowers who have a confirmed but resolved COVID-19 financial hardship.

Effective: May 19, 2020

1. **Determining eligibility for a COVID-19 payment deferral**

In order to be eligible for a COVID-19 payment deferral, the Borrower must:

- be on a COVID-19 related forbearance plan, or
- have experienced a financial hardship resulting from COVID-19 (for example, unemployment, reduction in regular work hours, or illness of a Borrower/Co-Borrower or dependent family member) that has impacted their ability to make their full monthly contractual payment.

The Servicer is not required to obtain documentation of the Borrower's hardship but is required to submit the SG402 Borrower Hardship Certification executed by the Borrower.

In order to be eligible for a COVID-19 payment deferral, the mortgage loan must be a conventional first lien mortgage loan.

The property securing the mortgage loan may be a primary residence or a second home, but may not be vacant or condemned.

The Servicer must receive the Borrower's full monthly contractual payment due for the month of evaluation or must make the full monthly contractual payment by the end of the evaluation month.

The Servicer must achieve Quality Right Party Contact (QRPC) with the Borrower to:

- determine the reason for the delinquency and whether it is temporary or permanent in nature;
- determine whether or not the Borrower has the ability to repay the mortgage debt;
- educate the Borrower on the availability of workout options, as appropriate; and
- obtain a commitment from the Borrower to resolve the delinquency.

Additionally, the Servicer must confirm that the Borrower:

- has resolved the hardship,
- is able to continue making the full monthly contractual payment, and
- is unable to reinstate the mortgage loan or afford a repayment plan to cure the delinquency.

The mortgage loan must:

- have been current or less than 31 days delinquent as of March 1, 2020, the effective date of the National Emergency declaration related to COVID-19; and
- be 31 or more days (one month) delinquent but less than or equal to 360 days (12 months) delinquent as of the date of evaluation.

If a Borrower's hardship is related to COVID-19 but he or she was 31 or more days delinquent as of the effective date of the National Emergency declaration, and the servicer determines the Borrower can maintain his or her full monthly contractual payment, then the Servicer must submit a request for a COVID-19 payment deferral to MPF Provider for review and obtain prior approval from the MPF Bank.

The mortgage loan must not have previously received a COVID-19 payment deferral.

The mortgage loan must not be subject to:

- a recourse or indemnification arrangement under which the MPF Bank purchased or that was imposed by the MPF Bank after the mortgage loan was purchased,
- an approved liquidation workout option,
- an active and performing repayment plan or other non-COVID-19 related forbearance plan,
- a current offer for another retention workout option, or

- an active and performing mortgage loan modification Trial Period Plan.

Effective: May 19, 2020 (Updated on July 7, 2020)

2. Determining eligibility for a COVID-19 payment deferral for a Texas Section 50(a)(6) loan

Servicers handling Texas 50(a)(6) loans should contact their MPF Bank for guidance, prior to offering deferment plan to Borrowers of such loans.

Effective: May 19, 2020

3. Performing an Escrow Analysis

If the Servicer chooses to perform an escrow analysis, any escrow account shortage that is identified at the time of the COVID-19 payment deferral must not be included in the non-interest bearing balance, and the Servicer is not required to fund any existing escrow account shortage. In addition, the Servicer is not required to revoke any escrow deposit account waiver.

If the Servicer identifies an escrow shortage as the result of an escrow analysis in connection with a COVID-19 payment deferral or as part of the next annual analysis, then the Servicer must spread repayment of the escrow shortage amount in equal monthly payments over a term of up to 60 months, unless the borrower decides to pay the shortage up-front.

Effective: September 14, 2020

4. Determining the COVID-19 payment deferral terms

The Servicer must defer the following amounts as a non-interest bearing balance, due and payable at maturity of the mortgage loan, or earlier upon the sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing UPB:

▪ the past-due principal and interest (P&I) payments;

▪ out-of-pocket escrow advances paid to third parties; and

▪ servicing advances paid to third parties in the ordinary course of business and not retained by the Servicer, if allowed by state law.

All other terms of the mortgage loan must remain unchanged.

Any existing non-interest bearing balance amount on the mortgage loan remains due and payable at maturity of the mortgage loan, or earlier upon the sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing UPB.

The following section has been moved to 3. Performing an Escrow Analysis. (*If the Servicer chooses to perform an escrow analysis, any escrow account shortage that is identified at the time of the COVID-19 payment deferral must not be included in the non-interest bearing balance, and the Servicer is not required to fund any existing escrow account shortage. In addition, the Servicer is not required to revoke any escrow deposit account waiver.*)

Effective: May 19, 2020 (Updated on September 14, 2020)

5. Completing a COVID-19 payment deferral

The Servicer is authorized to use an additional month to allow for sufficient processing time ("processing month") to complete a COVID-19 payment deferral. Servicers must apply the processing month consistently to all Borrowers, as evidenced by a written policy.

If the mortgage loan is 12 months delinquent as of the date of evaluation, the Borrower must make his or her full monthly contractual payment during the processing month. In this circumstance, the Servicer must complete the COVID-19 payment deferral within the processing month after receipt of the Borrower's full monthly contractual payment due during that month.

The Servicer must obtain approval, prior to offering a COVID-19 payment deferral to Borrower, by submitting the following to the MPF Provider:

- a completed Workout Worksheet (Form SG354) with all required supporting documentation as indicated on the Workout Worksheet,
- a completed Borrower Hardship Certification (Form SG402)
- a completed COVID-19 Payment Deferral Worksheet (Appendix B), and
- a one year Borrower payment history.

The Servicer must not delay sending a COVID-19 payment deferral agreement to the Borrower upon receiving approval. While use of the COVID-19 payment deferral agreement in Appendix A is optional, it reflects the minimum level of information that the Servicer must communicate and illustrates a level of specificity that complies with the MPF Program requirements. Also, the Servicer must ensure the COVID-19 payment deferral agreement complies with applicable law.

Servicers must obtain MI approval, if applicable, and must ensure the COVID-19 payment deferral agreement complies with Applicable Laws.

The Servicer's application of a COVID-19 payment deferral to the mortgage loan must not impair the MPF Program Mortgage Loan's first lien position or enforceability against the Borrower(s) in accordance with its terms.

Servicer must receive the executed agreement from Borrower prior to completing the COVID-19 payment deferral. A copy of the executed agreement must be submitted to the MPF Provider by the last business day of the month that the COVID-19 payment deferral becomes effective.

The Servicer must record the COVID-19 payment deferral agreement if the Servicer determines that recordation is required to comply with law and ensure that the mortgage loan retains its first lien position. The Servicer must obtain a title endorsement or similar title insurance product issued by a title insurance company if the COVID-19 payment deferral agreement will be recorded.

The Servicer must also provide documents to the document custodian in accordance with the following table.

If the COVID-19 payment deferral agreement is…	**Then the Servicer must send…**
not required to be recorded	• a fully executed original COVID-19 payment deferral agreement to the document custodian within 25 days of the effective date of the COVID-19 payment deferral.
required to be recorded	• a certified copy of the fully executed COVID-19 payment deferral agreement to the document custodian within 25 days of the effective date of the COVID-19 payment deferral, and • an original COVID-19 payment deferral agreement that is returned from the recorder's office to the document custodian within 5 business days of receipt.

Effective: May 19, 2020 (Updated on July 7, 2020)

6. **Processing a COVID-19 payment deferral for a mortgage loan with mortgage insurance**

For any mortgage loan with mortgage insurance, Servicer must obtain mortgage insurer approval and proof must be retained in the Mortgage File.

Effective: May 19, 2020

7. **Credit bureau reporting for a COVID-19 payment deferral**

The Servicer must report the status of the mortgage loan to the credit bureaus in accordance with the Fair Credit Reporting Act, including as amended by the Coronavirus Aid, Relief, and Economic Security Act, for Borrowers affected by the COVID-19 emergency.

Effective: May 19, 2020

8. **Handling fees and late charges in connection with a COVID-19 payment deferral**

Servicers must not charge the Borrower administrative fees. Servicers are encouraged to waive all late charges, penalties, stop payment fees, or similar charges upon completing a COVID-19 payment deferral.

Effective: May 19, 2020

9. **Servicing fees for a COVID-19 payment deferral**

The Servicer will continue to receive the servicing fee it was receiving prior to completing a COVID-19 payment deferral after the COVID-19 payment deferral becomes effective.

Servicing Fees will be reimbursed for mortgage loans that receive a COVID-19 payment deferral at the time the mortgage loan upon liquidation of the mortgage loan in accordance to MPF Traditional Servicing guide Section 3.1 Servicing Fees.

Effective: May 19, 2020 (updated on September 14, 2020)

10. **COVID-19 Payment deferral expenses**

The Servicer must pay any actual out-of-pocket expenses in accordance with the MPF Traditional Servicing Guide associated with the execution of a COVID-19 payment deferral, including, but not limited to:

- required notary fees,
- recording costs,
- title costs, or
- any other allowable and documented expense.

In the event of a subsequent foreclosure, Servicers will be reimbursed for allowable out-of-pocket expenses in accordance with MPF Traditional Servicing Guide Section- 3.2 Reimbursement of Servicing Expenses and 8.3.6 Costs and Expenses.

Effective: May 19, 2020

11. **Reporting responsibilities for a COVID-19 payment deferral**

Once the COVID-19 Payment Deferral becomes effective, the mortgage loan no longer needs to be reported on the Servicer's Monthly Delinquent Mortgage & Bankruptcy Status Report (Exhibit B).

Effective: May 19, 2020 (Updated on July 7, 2020)

Workout hierarchy

Servicers must consider a reinstatement when, at the end of a forbearance plan, the Borrower has the ability to bring the mortgage loan current. If the Borrower does not have this ability, the following table provides guidance and the order of evaluation for available workout options for MPF Traditional (Conventional) loans.

Temporary Hardship	
The following table describes the Servicer's requirements if the Borrower is experiencing or has experienced a temporary hardship resulting from a short-term decrease in income or increase in expenses.	
If the hardship has…	**Then the Servicer must consider a…**
been resolved and the Borrower has the ability to reinstate the mortgage loan	Reinstatement
been resolved and the Borrower does not have the ability to reinstate the mortgage loan	Repayment Plan (see above and MPF Traditional Servicing Guide Section 8.5.4)
been resolved and the Borrower does not have the ability to afford a repayment plan	COVID-19 Payment Deferral Plan (see above)
not been resolved	Forbearance Plan (see above)
Permanent Hardship	
If the Borrower is experiencing a hardship that has resulted in a permanent or long-term decrease in income or increase in expenses, the Servicer must evaluate the Borrower for a workout option in the following order: ▪ Temporary Loan Payment Modification Plan (MPF Traditional Servicing Guide Chapter 9) ▪ Short Sale (MPF Traditional Servicing Guide Section 8.6.1) ▪ Deed-in-Lieu of Foreclosure (MPF Traditional Servicing Guide Section 8.6.2) **NOTE**: If a Borrower requests to be evaluated for a liquidation workout option, the Servicer must first evaluate the Borrower for a liquidation workout option.	

Effective: April 30, 2020 (Updated May 19, 2020)

Attempting to establish QRPC

Servicers are required to attempt to establish quality right party contact (QRPC) with all delinquent Borrowers to resolve delinquencies. The MPF Guides does not provide the method by which such contact must be achieved, but in accordance with MPF Traditional Servicing Guide 8.3.2 Contacting Borrowers, among other requirements, the servicer is authorized to use various outreach methods to contact the Borrower as permitted by applicable law, including, but not limited to:

- mail,
- email,
- texting, and
- voice response unit technology.

Effective: March 26, 2020

Late Fees

Servicers should consider waiving late fees, penalties, stop payment fees, or similar charges for 90 days and provide guidance to Borrowers with respect to available relief provisions and/or loss mitigation alternatives.

Effective: March 20, 2020

Reporting a reason for delinquency code

Servicers must report delinquency status information pursuant to MPF Traditional Servicing Guide 8.4 Delinquency Reporting, by providing a Delinquent Mortgage Report (Servicing Guide Exhibit B) that contains the status of all Delinquent Mortgage Loans that are thirty (30) or more days delinquent as of the last day of the preceding month or has received approval for a Loss Mitigation Plan but has not yet become delinquent.

In an effort to enable us to identify mortgage loans where the Borrower has experienced a hardship associated with COVID-19 while not resulting in a systems impact for us or you, the Servicer must report the delinquency reason code 022, when reporting the delinquency status of such mortgage loans. For mortgage loans where the Servicer would have reported the delinquency reason code of 022 the Servicer must now use reason for delinquency code 007.

Effective: March 26, 2020 (Updated on July 7, 2020)

Property inspections and preservation

As a result of the impact of COVID-19, we are temporarily providing some relief with respect to the completion of property inspections, including:

- inspections for properties securing a delinquent mortgage loan as described in MPF Traditional Servicing Guide 8.3.5 Property Inspections;
- inspections related to hazard loss repairs as described in MPF Traditional Servicing Guide 4.6 Property Damage/Loss Procedures; and
- property preservation activities as described in MPF Traditional Servicing Guide section 10.9 Foreclosure Proceedings Property Inspections.

The following table describes when the Servicer must not conduct property inspections and property preservation activities for a property securing a mortgage loan where the Borrower is experiencing a hardship related to COVID-19, depending on the status of the mortgage loan at the time of the effective date of the National Emergency declaration related to COVID-19.

If on March 1, 2020, the mortgage loan was…	Then the Servicer must…
current or less than 30 days delinquent and the Borrower becomes delinquent	• not complete property inspections during the forbearance plan or an active post-forbearance plan workout option.
delinquent and the property was not vacant or abandoned	
delinquent and the property was reported as vacant or abandoned	• follow the property inspection requirements in MPF Traditional Servicing Guide 8.3.5 Property Inspections and property preservation activities as described in MPF Traditional Servicing Guide section 10.9 Foreclosure Proceedings Property Inspections.

Note: *For mortgage loans that are delinquent and not on a forbearance plan, Servicers must continue to follow the inspection requirements in MPF Traditional Servicing Guide 8.3.5 Property Inspections.*

If the mortgage loan is not brought current upon expiration of the forbearance plan, or if the Borrower is not approved for a post-forbearance workout option as determined based on QRPC,

the Servicer must follow the property inspection requirements in MPF Traditional Servicing Guide 8.3.5 Property Inspections.

Servicers unable to complete a property inspection or property preservation activity in accordance with the MPF Traditional Servicing Guide, must document their efforts and the reason for any exception in the mortgage loan file.

Servicers' inability to complete property inspections due to COVID-19 related impacts must not impact disbursement of insurance loss proceeds.

Effective: March 26, 2020 (Updated May 19, 2020)

Mortgage Insurance Termination Requests

When verifying an acceptable payment record for a Borrower that has had a financial hardship related to COVID-19 in which the Servicer provided:

- a COVID-19 related forbearance plan, repayment plan, or Trial Period Plan and the borrower complied with the terms of such plan;
- a payment deferral; or
- a COVID-19 payment deferral and the borrower made three consecutive monthly payments following completion of the payment deferral;

Servicers must not consider any payment that is 30 or more days past due in the last 12 months, or 60 or more days past due in the last 24 months that is attributable to the COVID-19 financial hardship. The mortgage loan must be current when the termination is requested, which means the mortgage loan payment for the month preceding the date of the termination request was paid.

Note: These requirements apply when reviewing the Borrower's request for termination of conventional MI based on either original or current value of the property the requirements in this section must be met.

Effective: This policy change is effective for borrower-initiated requests for termination initiated on or after March 1, 2021. (Issued December 21, 2020)

Obtaining valuations associated with MI termination requests

As a reminder, when a Borrower requests MI termination based on the original or current value of the property and a BPO or appraisal is required to verify the current value of the property, the property valuation must be based on an inspection of both the interior and exterior of the property. If the impact of COVID-19 results in a delay in obtaining a BPO or appraisal required to verify the current value of the property, the Servicer must notify the Borrower that it will be unable to approve the termination request until the BPO or appraisal is completed (along with all other requirements for terminating the mortgage insurance being satisfied). See MPF Traditional Servicing Guide 4.7.2 Mortgage Insurance Cancellation for One-Unit Properties and 4.7.3 Mortgage Insurance Cancellation for Two- to Four-Unit Properties.

Effective: March 26, 2020

Electronic Signatures

Electronic Signatures (e-Sign) may now be utilized to execute loss mitigation related agreements, as long as e-signing does not affect the enforceability of the document under Applicable Law, or the ability to record the document when needed to maintain lien priority, including when required by the MPF Program in accordance with MPF Traditional Servicing Guide section 9.3.6 Recording Requirements.

Effective: April 10, 2020

Credit reporting

Servicers must report the status of the MPF Traditional (Conventional) loans with Borrowers affected by COVID-19 to the credit bureaus in accordance with the Fair Credit Reporting Act, including as amended by the provisions of the CARES Act. For obligations that were current prior to granting an "accommodation" - meaning an agreement to forebear, modify a loan, or grant other relief to Borrowers impacted by COVID-19, Servicers are required to continue to report the obligation as current so long as the Borrower complies with the accommodation.

For obligations that were delinquent prior to granting the "accommodation," the Servicer must continue to report the status as it had previously been reporting - even if the actual status deteriorates - but report the Borrower as current if the account is brought current during the "accommodation." Charged-off accounts are excluded from the new requirements under the Act and therefore are excluded for this policy.

Effective: During the "covered period," as defined in the Act or as amended at a later date, which begins on January 31, 2020 and ends on the later of July 25, 2020 or 120 days after the date of the termination of the federally-declared national emergency.

Foreclosure sales (UPDATED)

Servicers must suspend all foreclosure sales, unless the property has been determined to be vacant or abandoned.

The suspension of foreclosure-related activities has been extended through February 28, 2021 ~~January 31, 2021~~. During the period of the extension, Servicers must not, except with respect to a vacant or abandoned property, initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure sale.

This suspension does not apply to mortgage loans secured by properties that have been determined to be vacant or abandoned.

Effective: March 20, 2020 (Updated May 19, 2020, June 23, 2020, September 14, 2020, December 21, 2020, and January 27, 2021)

Bankruptcy Requirements

Generally, Servicers are required to file motions for relief from the automatic stay in bankruptcy cases upon certain milestones. In light of the CARES Act and other impacts resulting from the COVID 19 National Emergency, the MPF Program is temporarily relieving Servicers of the obligation to meet these timelines.

Servicers must continue to work with their bankruptcy counsel to determine the appropriate time to file such motions.

Effective: May 19, 2020

~~**Evictions**~~

~~To match the Act, requirements, evictions are being suspended 120 days from the date of the Act (meaning suspended until July 25, 2020). In addition, Servicers should not charge fees or penalties, or other charges to the tenant for nonpayment of rent, during this period. Finally, Servicers must provide tenants 30 days to vacate a unit, and may not issue a notice to vacate until after July 25, 2020.~~

~~Effective: April 10, 2020.~~

Training

The MPF Program will host webinars providing additional training on the COVID-19 Payment Deferral Plan. Please visit the MPF Website to register for one of the upcoming webinars.

General resources

The MPF Program is operating at its normal level and will continue to provide support to PFIs/Servicers. Please contact the MPF Service Center with any questions or concerns (877-FHLB-MPF).

APPENDIX A

COVID-19 Payment Deferral Agreement

[DATE]

Dear [BORROWER NAME(S)]:

As we discussed, as a result of COVID-19 related impacts on you, you are approved for a COVID-19 related payment deferral, and we will defer your past-due amounts to bring your mortgage current. This letter describes what the payment deferral is and how it impacts your mortgage.

To accept this offer you must return this agreement [provide return instructions] fully executed by all borrowers, by [date before end of the current month].

What is a Payment Deferral?

A payment deferral brings your mortgage current and delays repayment of certain past-due monthly principal and interest payments, as well as other amounts we paid on your behalf related to the past-due monthly payments. Payment of these amounts is not being waived, you will be responsible for paying the past-due amounts upon the earlier of the maturity date of the mortgage loan, sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing unpaid principal balance.

Terms of the Payment Deferral

As of [EFFECTIVE DATE], we will:

- adjust the due date of your next scheduled monthly payment to bring your mortgage current,
- defer the scheduled repayment of the total past-due amounts to the maturity date of the mortgage or earlier upon the sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing unpaid principal balance, and
- waive any late charges.

[If Borrower was 12 months delinquent at the date of evaluation and servicer is using a processing month, include the following: **We require a processing month to complete your payment deferral. Because you are 12 months delinquent, you must pay your current monthly contractual payment of $[amount] by [date] in order for your payment deferral to become effective.*]***

The following table describes the specific terms of your payment deferral.

Number of past due principal and interest payments to be deferred	
Past-due principal and interest payment amount to be deferred	
Other past-due amounts to be deferred*	
Total past-due amounts to be deferred**	
Late charges to be waived	

*Includes any amounts we paid on your behalf related to the past-due payments, such as taxes or insurance, as authorized by your mortgage documents.

**Interest will not be charged on the total past-due amounts to be deferred. The payment deferral will not change any other terms of your mortgage.

Once your payment deferral is in effect, you must continue to make your scheduled monthly payment to keep your mortgage current.

[Add contact information for borrower wishing to contact Servicer]

[The servicer must include any disclosures required by federal, state, or local law.]

APPENDIX B

COVID-19 Payment Deferral Plan Worksheet

Instructions Page

Purpose

Servicers of conventional MPF Traditional loans must use this worksheet when recommending a COVID-19 Payment Deferral Plan option for the Borrower.

Preparation

- **When** – The Servicer must complete the worksheet when recommending COVID-19 Payment Plan option for a Borrower who the Servicer has deemed to be ineligible for a reinstatement or a repayment plan.
- **Who -** This worksheet must be completed by an employee of the Servicer who has responsibilities that would cause such individual to be knowledgeable of the facts and processes needed to complete this worksheet and has authority to certify to the truthfulness and accuracy of the information on this worksheet.
- **How** – The completed worksheet must be submitted via eMAQCS®Plus as an attachment to the Workout Worksheet (Form SG354) and along with all required supporting documents as indicated on the Workout Worksheet (Form SG354).
- **Attachments** – The completed Workout Worksheet must be accompanied by the following documentation:
  1. COVID-19 Payment Deferral Plan Worksheet
  2. Insurer Approval Letter, if applicable
  3. 12-month payment history for the Borrower

Submission

- **When** – The Servicer must obtain approval prior to offering a COVID-19 payment deferral to Borrower, by submitting a completed Workout Worksheet (Form SG354) to the MPF Provider prior to the forbearance plan ending and allowing 5 business days for the request to be processed.
- **How** – The completed worksheet must be submitted through eMAQCS®Plus at https://eMAQCS.covius.com as an **attachment to the Workout Worksheet (Form SG354)** and all required supporting documents as indicated on the Workout Worksheet (Form SG354).
- **To Whom** – The completed worksheet and supporting documentation must be submitted to the MPF Provider.
- The Servicer should retain a copy of the completed worksheet and supporting documentation for their own records.

Assistance

Please call the MPF Service Center at 877-FHLB-MPF (877-345-2673) for any questions or assistance needed in completing the worksheet.

Helpful Hints

- Servicers must include reasoning for the recommendation for the Payment Deferral as a workout option for the Borrower on the Workout Worksheet (Form SG354).
- Any worksheet that is incomplete or not submitted with all supporting documentation will be promptly returned to the Servicer.
- To be eligible for a COVID-19 Payment Deferral Plan, the Borrower must meet the eligibility requirements provided for in the most recent COVID-19 Related Servicing Guidance for MPF Traditional (Conventional) Loans announcement.

COVID-19 Payment Deferral Plan Worksheet

Loan Information

MPF Loan Number:____________________ Borrower Name: ____________________________________

Product Information

A Payment Deferral plan is a home retention workout option for MPF Traditional (Conventional) Loans. This option is for Borrowers who are nearing the end of a COVID-19 forbearance plan, have resolved a temporary hardship and are prepared to resume their monthly contractual payments but cannot afford either a full reinstatement or repayment plan to bring the loan current. This option is also for Borrower's who have a confirmed but resolved COVID-19 financial hardship.

Review of Terms of Payment Deferral Plan

COVID-19 Forbearance Plan Completion Date	
COVID-19 Payment Deferral Plan Target Effective Date	
Number of Days Delinquent as of March 1, 2020	
Days Delinquent as of Payment Deferral Worksheet Date	
Unpaid Principal Balance prior to payment deferral	
MI Approval Date (Servicers must obtain MI approval, if applicable)*	
Total Past-due principal payment amount to be deferred	
Total Past-due interest payment amount to be deferred	
Other amount to be deferred**	
Total amount to be deferred***	
Total late charges to be waived	

* If relying on issued guidance by the MI Company, please indicate so.

**Includes any amounts the Servicer paid on the Borrower's behalf related to the past-due payments, such as taxes or insurance, as authorized by your mortgage documents.

***Interest will not be charged on the total past-due amounts to be deferred. The payment deferral will not change any other terms of your mortgage.