MPF® Announcement

MPF Announcement:
2023-57

Date:
August 1, 2023

Alert:
Clarification
New Policy
Policy Update
Reminder
Training Information

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

Product:
MPF Government MBS
MPF Traditional
MPF Xtra®

Effective Date:

Immediately *(unless otherwise noted within the announcement)*

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

In light of the recent announcement ending the COVID-19 public health emergency (and national emergency) declarations on May 11, 2023, the MPF Program is issuing this updated guidance regarding the available servicing related accommodations available for **MPF Traditional (Conventional)** loans affected by COVID-19.

As a reminder, all forbearance requests received on or after May 11, 2023, must be evaluated pursuant to the MPF Guides, including the MPF Traditional Servicing Guide, regardless if the Borrowers hardship is related to COVID-19. Borrowers nearing the end of a COVID-19 forbearance plan must be evaluated for a loss mitigation option, including an extension of the initial COVID-19 forbearance plan, pursuant to the workout hierarchy in this announcement.

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.

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.

Changes since MPF Announcement 2023-44:

- Adjusted the COVID-19 Loan Modification interest rate based on an evaluation of prevailing market rates.

Reference

Please note you can access the MPF Guides and MPF Announcements on our MPF Website.

Visit the MPF Website to review and register for upcoming complimentary MPF Webinars.

Follow Us

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

- Taxes, Insurance, MI payments and other advances (Issued on April 23, 2020 and updated on May 4, 2023)
- Disbursing insurance loss proceeds (Issued on September 14, 2020 and updated on May 4, 2023)
- Impact of COVID-19 on previously modified loans (Issued on September 14, 2020)
- Initial 90 day forbearance period (Issued on March 19, 2020, updated on April 23, 2020, July 7, 2020 and May 4, 2023)
- Post-initial 90 day forbearance plan (Issued on March 19, 2020, updated on April 23, 2020, April 30, 2020, May 19, 2020, July 7, 2020, March 25, 2021, March 10, 2022, August 15, 2022, and May 4, 2023)
- COVID-19 Payment Deferral Plan (Issued on May 19, 2020, and updated on July 7,2020, September 14, 2020, March 25, 2021, and March 10, 2022)
  - Determining eligibility for a COVID-19 payment deferral (July 15, 2021)
  - 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, Updated on December 10, 2021 and May 11, 2022)
  - Determining the COVID-19 payment deferral terms
  - Completing a COVID-19 payment deferral (July 15, 2021, and updated on October 8, 2021)
  - Soliciting the Borrower for a post-forbearance COVID-19 payment deferral (July 15, 2021)
  - 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
- COVID-19 Loan Modification (Issued March 10, 2022, updated March 28, 2022, May 11, 2022, July 19, 2022, August 15, 2022, September 22, 2022, October 25, 2022, November 15, 2022, December 21, 2022, January 20, 2023, May 4, 2023, June 21, 2023, and August 4, 2023) (**UPDATED)**
- Workout hierarchy (Issued April 30, 2020, updated May 19, 2020, March 10, 2022, March 28, 2022, August 15, 2022, and May 4, 2023)
- Attempting to establish QRPC (Issued March 26, 2020)
- Late Fees (Issued March 20, 2020)
- Reporting a reason for delinquency code (Issued March 26, 2020, updated July 7, 2020, and May 4, 2023)
- Property inspections and preservation (Issued March 26, 2020, updated May 19, 2020 and May 4, 2023)
- Mortgage Insurance Termination Requests (Issued December 21, 2021 and updated on May 4, 2023)
- Obtaining valuations associated with MI termination requests (Issued March 26, 2020 and updated on May 4, 2023)
- Electronic Signatures (Issued April 10, 2020)
- Credit reporting (Issued March 20, 2020 and updated May 19, 2020)
- Foreclosure & Eviction sales (Issued March 20, 2020, updated May 19, 2020, June 23, 2020, September 14, 2020, December 21, 2020, January 27, 2021, February 24, 2021, February 26, 2021, June 29, 2021, July 15, 2021, August 3, 2021, April 21, 2022, and April 25, 2022)
- Bankruptcy Requirements (Issued May 19, 2020, updated July 15, 2021, March 28, 2022, and May 4, 2023)
- General resources
  - Appendix A: COVID-19 Payment Deferral Agreement
  - Appendix B: COVID-19 Payment Deferral Plan Worksheet (Updated July 15, 2021)
  - Appendix C: Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter (Issued July 15, 2021)

- Appendix D: COVID-19 Trial Period Plan Cover Letter (Issued March 10, 2022, updated on September 22, 2022)
- Appendix E: COVID-19 Modification Cover Letter (Issued March 10, 2022)

To assist Borrowers who are nearing the end of a COVID-19 forbearance plan, Servicers should follow the guidance 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 loss mitigation option.

Servicers must obtain mortgage insurance company's approval (if applicable) prior to granting a loss mitigation option, 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 a COVID-19 forbearance or of escrow status of the loan, for the duration of the forbearance plan. Servicers must ensure the agreed loss mitigation option offered takes into account repayment of these advances, as permitted under Applicable Laws, the Note, and the Security Instrument.

Effective: April 23, 2020 (Updated on May 4, 2023)

Disbursing insurance loss proceeds

When determining the mortgage loan status for disbursing insurance loss proceeds for a Borrower impacted by COVID-19, Servicers must disburse the proceeds in accordance with MPF Traditional Servicing Guide Section 4.6 Property Loss Events and Insurance Loss Settlements.

Effective: September 14, 2020 (Updated on May 4, 2023)

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:

- 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

Effective May 11, 2023, all forbearance requests received by the Servicer from a Borrower who is experiencing a temporary hardship that has not been resolved, must be evaluated for a forbearance plan pursuant to the requirements of the MPF Guides, including Section 8.5.3 of the MPF Traditional Servicing Guide, regardless if the hardship is COVID-19 related.

Services who receive a forbearance plan request **prior** to May 11, 2023, where a Borrower is experiencing hardship 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, July 7, 2020, and May 4, 2023)

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, based on eligibility criteria and the Workout Hierarchy in this announcement.

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

- extending the initial 90 day 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.
- extending forbearance plan past 12 months
  - For mortgage loans actively performing on a COVID-19 related forbearance plan as of March 25, 2021 and that are nearing the accumulative forbearance plan term of 12 months, where the Borrower's hardship has not been resolved, the Servicer is authorized to:
    - grant extensions of the forbearance plan term in increments of up to 3 months, not to exceed accumulative total forbearance period of 18 months (calculated from the initial granting of the forbearance plan).
    - the Borrower must request each extension individually, and
    - Servicers are required to assess and process each request in the same manner as provided for under "extending the initial 90 day forbearance plan" above.
- 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 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

  - 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
  - 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 COVID-19 loan modification **(see applicable sections below for requirements)**
- liquidation workout option
  - 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)
  - 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.
  - 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.

NOTE: If a Borrower defaults or fails to abide by the terms of a COVID-19 Loss Mitigation option due to non-COVID-19 related hardships, the plan/agreement should be terminated and the entire unpaid balance including delinquent interest becomes immediately due, and Borrowers must then be evaluated for loss mitigation options pursuant to this announcement, including where appropriate, a COVID-19 Loan Modification.

Effective: March 19, 2020 (updated on April 23, 2020, April 30, 2020, May 19, 2020, July 7, 2020, March 25, 2021 March 10, 2022, August 15, 2022, and May 4, 2023)

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. Servicers are required to evaluate Borrowers pursuant to the eligibility criteria and the Workout Hierarchy in this announcement.

Effective: May 19, 2020 (Updated on March 10, 2022)

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.

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 18 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, and no more than 18 months of cumulative past-due P&I payments may be deferred.

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.

<u>Effective</u>: May 19, 2020 (Updated on July 7, 2020, March 25, 2021, July 15, 2021, and March 10, 2022)

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

Prior to offering a COVID-19 payment deferral, the Servicer must perform an escrow analysis, to estimate the periodic escrow deposit required to ensure adequate funds are available to pay future charges, taking into consideration T&I payments that may come due during the processing month, if applicable.

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 60 months, unless the Borrower decides to pay the shortage up-front or over a shorter period, not less than 12 months. Any subsequent escrow shortage that may be identified in the next annual analysis cycle must be spread out over either the remaining term of the initial escrow shortage repayment period or another period of up to 60 months.

Effective: September 14, 2020 (Updated on December 10, 2021 and May 11, 2022)

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.

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

5. Completing a COVID-19 payment deferral

The Servicer must complete a COVID-19 payment deferral to Borrower, in the same month in which it determines the Borrower is eligible, 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 COVID-19 Payment Deferral Worksheet (Appendix B),
- a one year Borrower payment history and,
- if the Servicer determines the Borrower's signature is required on the COVID-19 payment deferral agreement, a copy of the executed agreement.
- If the Servicer determines the Borrower's signature is not required on the COVID-19 payment deferral, the Servicer must submit evidence of the Borrowers acceptance by providing one of the following:

- if the Borrower accepted by contacting the Servicer directly in accordance with any acceptable outreach and communication method, confirmation must be noted or attached to the original form submission though eMAQCSplus, or
- provide evidence of the Borrower's acceptance as determined by the Servicer, such as receipt of a full monthly payment.

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.

The Borrower must make his or her full monthly contractual payment during the processing month if, as of the date of evaluation:

- the mortgage loan is 18 months delinquent, or
- the COVID-19 payment deferral would cause the mortgage loan to exceed 18 months of cumulative deferred past-due P&I payments.

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 send the COVID-19 payment deferral agreement, or equivalent, to the Borrower no later than five days after the completion of the COVID-19 payment deferral.

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.

If the Servicer determines the Borrower's signature is required on the COVID-19 payment deferral agreement, it must receive the executed agreement prior to completing the COVID-19 payment deferral.

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, March 25, 2021, July 15, 2021, and on October 8, 2021)

6. Soliciting the Borrower for a post-forbearance COVID-19 payment deferral

If the Servicer is unable to establish QRPC as described in "Determining eligibility for a COVID-19 payment deferral" with a Borrower on a COVID-19 related forbearance plan and the Borrower is otherwise eligible for a COVID-19 payment deferral, the Servicer must send a solicitation for a COVID-19 payment deferral within 15 days after expiration of the forbearance plan.

The Servicer must solicit the Borrower using the Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter (**Appendix C**) with the COVID-19 payment deferral agreement or the equivalent, making any appropriate changes to comply with applicable law.

While use of the Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter and COVID-19 payment deferral agreement is optional, it reflects the minimum level of information that the Servicer must communicate and illustrates a level of specificity that complies with the requirements of the MPF Program.

The Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter must include language that additional forbearance may be available if the Borrower's hardship is not resolved, and that other loss mitigation options may be available.

The Servicer must include instruction on how to accept the offer in the COVID-19 payment deferral agreement.

The Servicer is authorized to consider the following as acceptance by the Borrower, subject to applicable law:

- the Borrower contacting the Servicer directly in accordance with any acceptable outreach and communication method,
- the Borrower returning an executed COVID-19 payment deferral agreement, or
- any other method evidencing the Borrower's acceptance as determined by the Servicer, such as receipt of a full monthly payment.

Unless the Servicer has determined that the agreement must be signed, the agreement should contain verbiage that making a payment will be deemed acceptance of the terms.

The Borrower must make his or her full monthly contractual payment during the month of the solicitation if, as of the date of evaluation:

- the mortgage loan is 18 months delinquent, or
- the COVID-19 payment deferral would cause the mortgage loan to exceed 18 months of cumulative deferred past-due P&I payments.

In this circumstance, the Servicer must complete the COVID-19 payment deferral within the month of the solicitation after receipt of the Borrower's full monthly contractual payment due during that month.

Servicers are considered to have completed the deferral once they submit the documentation required to be submitted to the MPF Provider, as provided for in "Completing a COVID-19 payment deferral" above.

If the Servicer uses a processing month to complete the COVID-19 payment deferral, the Borrower must also make his or her full monthly contractual payment during the processing month. 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.

Effective: July 15, 2021

7. **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

8. **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

9. **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

10. **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)

11. **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

12. **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)

COVID-19 Loan Modification Plan (UPDATED)

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 a hardship that has resulted in a permanent or long-term decrease in income or increase in expenses, who can resume a monthly payments but cannot afford a full reinstatement, a repayment plan, or their monthly contractual payments. Servicers may start evaluating eligible Borrowers for a COVID-19 Loan Modification immediately, but are required to include the COVID-19 Loan Modification in their loss mitigation waterfalls must do so within 90 days from the original announcement date (March 10, 2022). Servicers are required to ensure the loan modification terms meet the requirements provided for in this announcement. Any exceptions to eligibility or other COVID-19 Loan Modification Plan requirements must be submitted to MPF Provider for approval prior to offering a COVID-19 loan modification Trial Period Plan to Borrower.

When assisting Borrowers who meet the criteria outlined in this announcement, the requirements as to underwriting, eligibility, and terms of the loan modifications requirements provided for in this announcement supersede requirements in MPF Traditional Servicing Guide Chapter 9.

1. Processing a COVID-19 loan modification 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.

2. Evaluating a Borrower with a COVID-19 related hardship for a Loan Modification

To be eligible for a COVID-19 related loan modification, the mortgage loan must:

- be a first-lien conventional mortgage loan
- have been current or less than two months delinquent as of March 1, 2020, or originated after March 1, 2020, the effective date of the National Emergency declaration related to COVID-19;
  - Note: If the loan is not eligible for a COVID-19 Loan Modification Plan due to being delinquent prior to March 1, 2020, Servicers may evaluate the Borrower for a Temporary Loan Modification per the requirements in MPF Traditional Servicing Guide Chapter 9.
- be at least 90 days delinquent; and
- be serviced other than under one of the following:
  - One Mortgage Partners, LLC Mortgage Pass-Through Certificates MPF Shared Funding™ Program Series 2003-1 Trust; or
  - One Mortgage Partners, LLC Mortgage Pass-Through Certificates MPF Shared Funding Program Series 2003-2 Trust.

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;
- a current offer for another workout option;
- an approved liquidation workout option; or
- an active and performing repayment plan, other non COVID-19 related forbearance plan, or loan modification plan.

3. Borrower Eligibility

To be eligible for a Modification Plan:

- The Borrower(s) must be the same Borrower(s) that signed the Mortgage Note; or
- The individual executing the Modification Plan must have acquired interest in the Mortgaged Property as a result of a transfer of ownership that was exempt from the Due-On-Sale Clause.

4. Determining eligibility for a COVID-19 loan modification 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 loan modifications and prior to entering Borrowers of such loans into Trial Period Plans.

5. Escrow analysis for COVID-19 impacted Borrowers

When a Borrower is eligible for a COVID-19 related loan modification in accordance with the eligibility criteria as outlined in this MPF Announcement and the Servicer was not collecting escrows on the existing mortgage loan, the Servicer is required to establish an escrow deposit account as a condition of the mortgage loan modification unless otherwise prohibited by applicable law. If applicable law prohibits the establishment of the escrow account, the Servicer must ensure that the T&I premiums are paid to date.

Prior to offering a COVID-19 Loan Modification, the Servicer must analyze an existing escrow account to estimate the periodic escrow deposit required to ensure adequate funds are available to pay future charges, taking into consideration T&I payments that may come due during the trial period plan.

If the initial escrow analysis or next annual analysis identifies an escrow shortage, the Servicer must spread repayment of the escrow shortage amount in equal monthly payments over a term of 60 months, unless the Borrower decides to pay the shortage amount up-front or over a shorter period, not less than 12 months. Any subsequent escrow shortage that may be identified in the next annual analysis cycle must be spread out over either the remaining term of the initial escrow shortage repayment period or another period of up to 60 months.

Any escrow account shortage that is identified at the time of the mortgage loan modification must not be capitalized and the Servicer is not required to fund any existing escrow account shortage.

See MPF Traditional Servicing Guide “2.9 Escrow Payments” for guidelines for maintaining an Escrow Account and handling Escrow Funds.

6. Documentation Requirements

Generally Servicers must collect the following documentation and permanently retain it in the Mortgage Loan File:

- Workout Worksheet (Form SG354);
- Borrower Hardship Certification (Form SG402);
- Income verification in accordance with the requirements described in the Selling Guide;
- Borrower’s tax return transcripts obtained from the IRS;
- Asset documentation in accordance with the Selling Guide and any other documentation necessary to fully document the Borrower’s financial situation;
- A new credit report that meets the requirements in the Selling Guide;
- Reaffirmation Agreement or approval from Trustee if Borrower was previously in bankruptcy;
- Property valuation; and
- Any other documentation used to process and evaluate the Modification Plan request, including but not limited to, documentation of the causes of a Borrower’s hardship.

Servicers do not need to obtain prior approval from the MPF Provider, and do not need to provide the MPF Provider with any documentation other than submitting the following in eMAQCS®Plus

- a completed Workout Worksheet (Form SG354),
- the Trial Period Plan (see Appendix D of this Announcement),

- the COVID-19 Modification Cover Letter (see Appendix E of this Announcement),
- a fully executed COVD-19 Loan Modification Agreement (Fannie Mae Form 3179), and
- a current payment history.

The MPF Provider or MPF Bank may request additional documentation.

Servicers may approve a Borrower for a COVID-19 Loan Modification based on the evaluation of an incomplete application, if they deem the information they have received to be sufficient to make an eligibility determination and if the review meets all Applicable Laws, including the CFPB's 2021 Mortgage Servicing COVID-19 Rule as to streamline loan modifications.

7. Modified mortgage loan terms for COVID-19 impacted Borrowers

When a Servicer has determined a Borrower is eligible for a COVID-19 related loan modification, the Servicer must determine the new modified mortgage loan terms according to the following.

The Servicer must obtain a property valuation, which must not be more than 90 days old at the time the Servicer evaluates the Borrower for the mortgage loan modification, using one of the following:

- an exterior BPO;
- an appraisal;
- a third-party AVM; or
- the Servicer's own internal AVM, provided that
  - the Servicer is subject to supervision by a federal regulatory agency, and
  - the Servicer's primary federal regulatory agency has reviewed the model.

If the third-party AVM, or the Servicer's internal AVM does not render a reliable confidence score, the Servicer must obtain an assessment of the property value utilizing an exterior BPO, an appraisal, or a property valuation method documented as acceptable to the Servicer's federal regulatory supervisor. The property value assessment must be rendered in accordance with the FDIC's Interagency Appraisal and Evaluation Guidelines regardless of whether such guidelines apply to mortgage loan modifications.

The Servicer must determine the post-modification mark-to-market loan to-value (MTMLTV) ratio, which is defined as the UPB of the mortgage loan including capitalized arrearages ("gross UPB), divided by the current value of the property, and must also complete all the following steps in the order shown below, unless prohibited by applicable law, to determine the Borrower's new modified mortgage loan terms:

1. Capitalize eligible arrearages:
   - accrued interest;
   - out-of-pocket escrow advances to third parties, provided they are paid prior to the effective date of the mortgage loan modification;
   - servicing advances paid to third parties in the ordinary course of business and not retained by the Servicer, provided they are paid prior to the effective date of the mortgage loan modification, if allowed by state laws; and
   - any outstanding non-interest bearing balance from a previously completed loan mitigation plan.

   If applicable state law prohibits capitalization of any of these amounts, the Servicer must collect all such funds from the Borrower over a period not to exceed 60 months unless the Borrower decides to pay the amount up-front.

   Late charges may not be capitalized and must be waived if the Borrower satisfies all conditions of the Trial Period Plan.

   See MPF Traditional Servicing Guide "2.9 Escrow Payments" for guidelines for maintaining an Escrow Account and handling Escrow Funds.

2. Servicers must use the modification interest rate to the lesser of the following when evaluating a Borrower for a COVID-19 Loan Modification:
    - COVID-19 Loan Modification Interest Rate or
    - the Borrower's current contractual interest rate.

The applicable "COVID-19 Loan Modification Interest Rate" is:

Effective Date for all Borrowers evaluated	Interest Rate
prior to July 21, 2022	3%
On/after July 21, 2022 but prior to August 17, 2022	5.75%
On/after August 17, 2022 but prior to September 26, 2022	5.50%
On/After September 26, 2022 but prior to October 27, 2022	5.25%
On/After October 27, 2022 but prior to November 17, 2022	6.25%
On/after November 17, 2022 but prior to December 27, 2022	7.00%
On/After December 27, 2022 but prior to January 23, 2023	6.875%
On/After January 23, 2023 but prior to May 9, 2023	6.375%
On/After May 9, 2023 but prior to June 26, 2023	6.625%
On/After June 26, 2023 but prior to August 4, 2023	6.5%
On/After August 4, 2023	6.75%

Note: As a reminder, the interest rate used to determine the final modification terms must be the same fixed interest rate that was used when determining eligibility for the Trial Period Plan and calculating the Trial Period Plan payment.

3. Extend the term to 480 months from the mortgage **loan modification effective date**.
    - If the mortgage loan is secured by a property where the title is held as a leasehold estate, the term of the leasehold estate must not expire prior to the date that is five years beyond the new maturity date of the modified mortgage loan. In the event that the current term of the leasehold estate would expire prior to such date, the term of the leasehold estate must be renegotiated to satisfy this requirement for the mortgage loan to be eligible for the mortgage loan modification.
4. Forbear principal if the post-modification MTMLTV ratio is greater than 100%, in an amount that is the lesser of:
    - an amount that would create a post-modification MTMLTV ratio of 100% using the interest-bearing UPB, or
    - 30% of the gross UPB of the mortgage loan.
5. Provide or increase principal forbearance until a 20% P&I payment reduction is achieved; however, the Servicer must not forbear more than both the following amounts:
    - an amount that would create a post-modification MTMLTV ratio less than 80% using the interest-bearing principal balance, and
    - 30% of the gross UPB of the mortgage loan.

Note - Principal forbearance: Interest must not accrue on any principal forbearance. Principal forbearance is payable upon the earliest of the maturity of the mortgage loan modification, sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing UPB.

8. Offering a Trial Period Plan and Completing a COVID-19 Loan Modification

The Servicer must communicate with the Borrower that the mortgage loan modification will not be binding, enforceable, or effective unless all conditions of the mortgage loan modification have been satisfied, which is when all of the following have occurred:

- the Borrower has satisfied all of the requirements of the Trial Period Plan,
- the Borrower has executed and returned 2 copies of the COVID-19 Loan Modification Agreement (Fannie Mae Form 3179), and
- the Servicer executes and dates the COVID-19 Loan Modification Agreement.

To document the Borrower's Trial Period Plan, the Servicer must use the form COVID-19 Trial Period Plan Notice (**Appendix D**) or the equivalent, making any appropriate changes to comply with applicable law. While use of the COVID-19 Trial Period Plan Notice (Appendix D) is optional, it reflects a minimum level of information that the Servicer must communicate and illustrates a level of specificity that complies with the MPF Program requirements. If the Borrower and loan modification meets all eligibility requirements of the COVID-19 Loan Modification Plan, the Servicer does not need to obtain approval prior to providing Borrower a COVID-19 Trial Period Plan Notice. Any exceptions to eligibility or other COVID-19 Loan Modification Plan requirements must be submitted to MPF Provider for approval prior to communicating the terms of the loan modification Trial Period Plan to Borrower.

If the Servicer sends the COVID-19 Trial Period Plan Notice:

- on or before the 15th day of a calendar month then the Servicer must use the first day of the following month as the first Trial Period Plan payment due date.
- after the 15th day of a calendar month then the Servicer must use the first day of the month after the next month as the first Trial Period Plan payment due date.

If the Borrower fails to make a Trial Period Plan payment by the last day of the month in which it is due, the Borrower is considered to have failed the Trial Period Plan and the Servicer must not grant the Borrower a permanent loan modification.

The Servicer must maintain policies and procedures to ensure compliance with any and all applicable "dual tracking" restrictions, and suspend or postpone the Foreclosure sale per Applicable Laws (e.g., CFPB) and shall immediately notify the MPF Provider.

The Servicer must ensure that the modified mortgage loan retains its first lien position and is fully enforceable in accordance with its terms.

Electronic signatures and notarizations for Loan Modifications are acceptable as long as the electronic record complies with MPF Program requirements, including accommodations included in COVID-19 related MPF Announcements.

9. Preparing the Loan Modification Agreement

The Servicer must use the Form COVID-19 Modification Cover Letter **(Appendix E)** or equivalent to communicate a Borrower's eligibility for a permanent Loan Modification, which must be accompanied by a completed Loan Modification Agreement (Fannie Form 3179). While use of the Form COVID-19 Modification Cover Letter (Appendix

E) is optional, it reflects a minimum level of information that the Servicer must communicate and illustrates a level of specificity that complies with the MPF Program requirements.

The Servicer must prepare the Loan Modification Agreement (Fannie Mae Form 3179) early enough in the Trial Period Plan to allow sufficient processing time so that the mortgage loan modification becomes effective on the first day of the month following the Trial Period Plan (modification effective date). The Servicer is authorized to, at its discretion, complete the Loan Modification Agreement so the mortgage loan modification becomes effective on the first day of the second month following the final Trial Period Plan payment to allow for sufficient processing time. However, the Servicer must treat all Borrowers the same in applying this option by selecting, at its discretion and as evidenced by a written policy, the date by which the final Trial Period Plan payment must be submitted before the Servicer applies this option ("cut-off date"). The cut-off date must be after the due date for the final Trial Period Plan payment as set forth in the Trial Period Plan Notice.

If the Servicer elects this option, the Borrower will not be required to make an additional Trial Period Plan payment during the month (the "interim month") in between the final Trial Period Plan month and the month in which the mortgage loan modification becomes effective. For example, if the last Trial Period Plan month is March and the Servicer elects the option described above, the Borrower is not required to make any payment during April, and the mortgage loan modification becomes effective, and the first payment under the Loan Modification Agreement is due, on May 1.

The Servicer must incorporate into the Loan Modification Agreement (Fannie Mae Form 3179) the applicable provisions in accordance with the requirements in Fannie Mae's Summary: Modification Agreement (Form 3179).

10. Executing and Recording the Loan Modification Agreement

The Servicer is responsible for ensuring that the mortgage loan as modified complies with applicable laws, preserves the MPF Bank's first lien position, and is enforceable against the Borrower(s) in accordance with its terms.

In order to ensure that the modified mortgage loan retains its first lien position and is fully enforceable, the Servicer must:

- Ensure that the Loan Modification Agreement is executed by:
    - the same Borrower(s) that signed the Mortgage Note; or
    - an individual who acquired interest in the Mortgaged Property as a result of a transfer of ownership that was exempt from the Due-On-Sale Clause.
    - Note: where a co-Borrower signature is not obtainable for reasons such as mental incapacity or military deployment and the Servicer decides to continue with the mortgage loan modification, the Servicer must appropriately document the basis for the exception in the servicing records.
- Ensure all real estate taxes and assessments that could become a first lien are current, especially those for manufactured homes taxed as personal property, personal property taxes, condo/HOA fees, utility assessments (such as water bills), ground rent, and other assessments.
- Obtain a title endorsement or similar title insurance product issued by a title insurance company if the Loan Modification Agreement will be recorded.
- If the Mortgage Loan is covered by primary and/or supplemental mortgage insurance (MI), notify the MI Company of the loan modification in accordance with MI Company requirements and obtain the approval of the MI Company prior to the modification.
- Record the executed Loan Modification Agreement if:
    - recordation is necessary to ensure that the modified mortgage loan retains its first lien position and is enforceable in accordance with its terms at the time of the modification, throughout its modified term, and during any bankruptcy or foreclosure proceeding involving the modified mortgage loan; or
    - the Loan Modification Agreement includes assignment of leases and rents provisions.

- Note: The Servicer may charge the Borrower for any recording or similar costs associated with the Loan Modification.

If the mortgage loan is for a manufactured home, and the lien was created, evidenced, or perfected by collateral documents that are not recorded in the land records, the Servicer must also take such action as may be necessary, including any amendment, recording, and/or filing that may be required, to ensure that the collateral documents reflect the mortgage loan modification, in order to preserve first lien status for the entire amount owed.

The Servicer must obtain subordination agreements from other lien holders when recordation is required to maintain first lien position. If the Servicer is unable to obtain all necessary subordination agreements, the Servicer may not implement the Modification Plan.

The Servicer shall satisfy all requirements of the mortgage insurer and shall forward a copy of Loan Modification Agreement to the applicable mortgage insurer.

The Servicer must send two (2) originals of the Loan Modification Agreement for the Borrower's signature. After the Borrower returns the 2 signed forms, and successfully completes the Trial Period Plan, the Servicer must then sign the Loan Modification Agreement and provide a copy of the signed form to the Borrower. If the Borrower and loan modification meets all eligibility requirements of the COVID-19 Loan Modification Plan, the Servicer does not need to submit Loan Modification Agreements to MPF provider for approval prior to execution. Any exceptions to eligibility or other COVID-19 Loan Modification Plan requirements must be submitted to MPF Provider for approval prior to communicating the terms of the loan modification Trial Period Plan to Borrower.

Once the Loan Modification Agreement is fully executed, the Servicer must send a fully executed original Loan Modification Agreement to the document custodian within 25 days of receipt from the Borrower. If the Loan Modification Agreement is required to be recorded, the Servicer must:

- send a certified copy of the fully executed Loan Modification Agreement to the document custodian within 25 days of receipt from the Borrower, and
- send the original Loan Modification Agreement that is returned from the recorder's office to the document custodian within 5 business days of receipt.

11. Fees and Late Charges for COVID-19 Loan Modification

The Servicer must not charge the Borrower administrative fees.

The Servicer may charge the Borrower for any recording or similar costs associated with the Loan Modification.

The Servicer is authorized to assess late charges during the Trial Period Plan. The Servicer must waive all late charges, penalties, stop payment fees, or similar charges upon the Borrower's conversion to a permanent mortgage loan modification.

12. Reporting COVID-19 Loan Modification

The Servicer must report the mortgage 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. In addition, the Servicer must follow the reporting requirements in MPF Traditional Servicing Guide "9.4.2 Credit Reporting Requirements, 9.4.3 Tax Reporting, and 9.4.4 Disclosures and Notices."

Effective: March 10, 2022 (Updated on March 28, 2022, May 11, 2022, July 19, 2022, August 15, 2022, September 22, 2022, October 25, 2022, November 15, 2022, December 21, 2022, January 20, 2023, May 4, 2023 June 21, 2023, and August 4, 2023) **(UPDATED)**

Workout hierarchy

Servicers assessing a Borrower nearing the end of a forbearance plan period must consider Borrowers for the loss mitigation option most suitable for the Borrower's situation, based on whether the borrower's hardship is temporary or permanent.

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 as follows: For Borrower requests received prior to May 11, 2023 (see above) For Borrower requests received on or after May 11, 2023 (see MPF Traditional Servicing Guide Section 8.5.3)
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: ▪ COVID-19 Loan Modification Plan (Requirements provided for in this announcement) ▪ 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.	

Note: If a Borrower defaults or fails to abide by the terms of a COVID-19 Loss Mitigation option due to non-COVID-19 related hardships, the plan/agreement should be terminated and the entire unpaid balance including delinquent interest becomes immediately due, and Borrowers must then be evaluated for loss mitigation options pursuant to this announcement, including where appropriate, a COVID-19 Loan Modification.

Effective: April 30, 2020 (Updated May 19, 2020, March 10, 2022, March 28, 2022, August 15, 2022, and May 4, 2023)

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

Servicers must complete property inspections in accordance to the MPF Guides, including but not limited to the following sections:

- 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.

Effective: March 26, 2020 (Updated May 19, 2020 and May 4, 2023)

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

Servicers must complete valuations associated with MI termination requests in accordance to the MPF Guides, including but not limited to requirements in 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 (Updated on May 4, 2023)

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 & Evictions

To allow a Borrower that has experienced a COVID-19 related hardship time to obtain assistance offered through the Homeowner Assistance Fund, Servicers must delay initiating any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure-related eviction, or a foreclosure sale up to 60 days if:

- the Servicer receives notification from a mortgage assistance fund program provider participating in the Homeowner Assistance Fund program, such as an HFA or other designee, that the borrower has applied for mortgage assistance;
- the Servicer:

- has sufficient time to delay initiation of the foreclosure process or moving for a foreclosure judgment or order of sale; or
- in the case of a foreclosure sale, is notified at least 7 days before the sale; and
- any foreclosure trial or execution of a foreclosure sale can be delayed without dismissal of the action.

If the Servicer determines that it did not have sufficient time to delay initiation of the foreclosure process or moving for a foreclosure judgment or order of sale, the Servicer must document in the mortgage loan file why it was unable to delay the action and make any supporting documentation available to the MPF Provider/MPF Bank upon request.

If the approved funds do not fully reinstate the mortgage loan, the Servicer must attempt to contact the Borrower to achieve quality right party contact (QRPC) in accordance with this announcement to resolve the remaining delinquency.

Servicers must obtain prior approval to suspend foreclosure-related activities beyond 60 days by submitting a request to the MPF Provider.

Servicers are required to comply with any/all applicable Foreclosure and Eviction federal and state law moratoriums in place.

Effective: March 20, 2020 (Updated May 19, 2020, June 23, 2020, September 14, 2020, December 21, 2020, January 27, 2021, February 24, 2021, February 26, June 29 2021, July 15, 2021, August 3, 2021, and April 21, 2022, and April 25, 2022)

Bankruptcy Requirements

Servicers must file a motion for relief from the automatic stay in bankruptcy cases in accordance with the MPF Guides and applicable law before taking any action that would require such relief.

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

Effective: May 19, 2020 (Updated July 15, 2021, March 28, 2022, and May 4, 2023)

APPENDIX A

COVID-19 Payment Deferral Agreement

[SERVICER LOGO] [SERVICER ADDRESS]

[DATE]

Dear [BORROWER NAME(S)]:

[SUBJECT PROPERTY ADDRESS 1]

[SUBJECT PROPERTY ADDRESS 2]

[CITY, STATE ZIP CODE]

REFERENCE: [MPF LOAN NUMBER] [PFI LOAN NUMBER]

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 18 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 18 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.

[Where there is an escrow shortage amount, include the following:

Based on our review of your escrow account, there is an escrow shortage of $[amount] because the escrow portion of your past due payments has not been paid. You have agreed to pay your escrow shortage amount over a term of [# of months] months starting with your next scheduled payment. Your monthly payment to cover the shortage is $[amount]. Your total monthly payment of $[amount] is due on [date].]

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 to complete a COVID-19 Payment Deferral Plan option for the Borrower.

Preparation

- **When** – The Servicer must complete the worksheet to complete 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 COVID-19 Payment Deferral Plan Worksheet must be accompanied by the following documentation:
  1. Workout Worksheet (Form SG354) and all required supporting documents
  2. Insurer Approval Letter, if applicable
  3. 12-month payment history for the Borrower

Submission

- **When** – Once the Servicer complete a COVID-19 payment deferral to Borrower in the same month in which it determines the Borrower is eligible.
- **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.

- 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.

APPENDIX C

Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter

[SERVICER LOGO]

[DATE]

Dear [BORROWER NAME(S)]:

[SUBJECT PROPERTY ADDRESS 1]

[SUBJECT PROPERTY ADDRESS 2]

[CITY, STATE ZIP CODE]

REFERENCE: [MPF LOAN NUMBER] [PFI LOAN NUMBER]

Subject: Loss Mitigation Offer Enclosed

Dear [BORROWER NAME(S)]:

We have been trying to reach you during your forbearance plan to discuss your situation and to provide information on options that may be available to you to resolve your delinquency. We would like to offer you an opportunity to enter into a more permanent solution. We are here to help. If you have questions about the options listed below, please contact us immediately.

If you can make your monthly mortgage payments:

If your COVID 19 related hardship has been resolved and you are able to resume making your mortgage payments following your forbearance plan, a payment deferral may be the best option to immediately bring your mortgage current, prevent foreclosure, and delay repayment of the mortgage payments you missed during your forbearance plan

We have approved you for such a deferment plan. Please refer to the enclosed payment deferral agreement for more details on this offer and how to accept it.

If you are still not able to resume making your monthly mortgage payments:

If your COVID 19 related hardship is not yet resolved, you may need more time to resolve your hardship before we can determine what long-term solution best works for you. If so, an extension of your forbearance plan may be available. To receive an extension, or to discuss other loss mitigation options that may be available to you, you must contact us to discuss your options.

QUESTIONS?

CONTACT US [SERVICER'S NAME]

Phone: [8XX-XXX-XXXX]

Email Address: [SERVICER'S EMAIL]

Website: [SERVICER'S WEBSITE]

Please to review the enclosed payment deferral agreement which includes instruction on how to accept the offer.

We are here to help you with your mortgage.

Sincerely,

Customer Support

[SERVICER NAME]

APPENDIX D

COVID-19 TRIAL PERIOD PLAN NOTICE

[DATE]

Dear [BORROWER NAME(S)]:

[SUBJECT PROPERTY ADDRESS 1]

[SUBJECT PROPERTY ADDRESS 2]

[CITY, STATE ZIP CODE]

REFERENCE: [MPF LOAN NUMBER] [PFI LOAN NUMBER]

Subject: Loss Mitigation Offer Enclosed

Dear [BORROWER NAME(S)]:

Thank you for contacting us about your mortgage. Based on careful review of the information you provided, we are offering you an opportunity to enter into a loan modification trial period plan. This is the first step toward qualifying for a permanent loan modification. If you satisfy all the requirements set forth below, we will sign the loan modification agreement and your loan will be permanently modified.

Accepting the offer

To accept this offer to modify your mortgage, you must do one of the following by [14 CALENDAR DAYS FROM THE DATE OF THIS LETTER]:

- Contact us by phone or in writing to let us know if you intend to accept this offer, **OR**

[SERVICER NAME

MAILING ADDRESS]

Phone: [8XX-XXX-XXXX]; Email Address: [SERVICER'S EMAIL]

- Send your first trial period plan payment of $[FIRST PAYMENT AMOUNT].

Failure to contact us or send your first trial period plan payment by such date, may result in your loan being considered delinquent.

Completing the trial period plan

In order to successfully complete the trial period plan, you must make the trial period plan payments below.

Trial Period Plan Payment	Amount Due	Due Date
FIRST*		
SECOND		

THIRD		

*If you submit your first trial period plan payment by [14 CALENDAR DAYS FROM THE DATE OF THIS LETTER], follow this schedule for your second and third trial period plan payments only.

We must receive each trial period plan payment in the month in which it is due. If we do not receive a trial period payment by the last day of the month in which it is due, this offer is revoked and we may refer your mortgage to foreclosure. If your mortgage has already been referred to foreclosure, foreclosure related expenses may have been incurred, foreclosure proceedings may continue, and a foreclosure sale may occur.

Permanent Modification

Your modified terms will take effect only after:

- You have signed and submitted your loan modification agreement (which we will send you near the completion of the trial period plan);
- We have signed the loan modification agreement and returned a copy to you upon completion of the trial period plan; **AND**
- The modification effective date set forth in the loan modification agreement has occurred.

LOAN MODIFICATION TERMS

The table below compares your current mortgage terms to the **estimated** modified terms.

	Current Terms	**Modification Terms**
Payment*		
Interest Rate		
Term		
Maturity Date		
Deferred Principal**		

*Payment includes principal, interest, and escrow payment, if applicable. For more information on the estimated modification payment amount, review the **Additional Information** below.

For more information on deferred principal, review the **Additional Information below.

Additional Information

- The terms of your existing note and mortgage remain in effect until the mortgage is permanently modified. However, while you are making your monthly trial period plan payments and otherwise remain in compliance with this trial period plan, foreclosure proceedings will not start or continue.

- There are no modification processing fees for this trial period plan or for modifying your mortgage.

- If your mortgage is modified, we will waive all unpaid late charges.

- There are no penalties for paying more than the amount due or for paying off the mortgage early.

- If your mortgage is permanently modified, some of the terms of your mortgage may change, such as monthly payment, interest rate, and maturity date, which may make your payment more affordable.

- If your mortgage is permanently modified, you will repay the new interest-bearing mortgage balance in equal monthly payments for the life of your mortgage.

- Deferred principal is a portion of the unpaid mortgage balance for which repayment is delayed. If your modified terms include deferred principal your due date for this amount would be the earliest of 1) the date you sell or transfer the property; 2) the date you refinance the modified mortgage; 3) the date you pay off the interest-bearing unpaid principal balance of the modified mortgage; or 4) the new maturity date of the modified mortgage. Interest is not charged on any deferred principal.

- Your new monthly payment may include an escrow payment for property taxes, hazard insurance, and other escrowed expenses, unless its inclusion is prohibited by applicable law. If the cost of your homeowners insurance, property tax assessment, or other escrowed expenses increases, your monthly payment may increase as well.

Additional Trial Period Plan Information and Legal Notices

We will not refer your loan to foreclosure or proceed to foreclosure sale during the trial period plan if you are complying with the terms of the trial period plan:

- ***Any pending foreclosure action or proceeding that has been suspended may be resumed if you do not follow the terms of the plan or do not qualify for a permanent modification.***

- ***Unless required by applicable law, there will be no interest paid on the funds in the account and any funds in the account at the end of the trial period plan will be deducted from the amount that will be added to your principal balance.***

- ***Our acceptance of your payments during the trial period plan does not waive our right to require immediate payment in full of all amounts you owe on your mortgage, including the right to resume or continue foreclosure action, if you fail to comply with the terms of the plan. Entering a trial period plan does not mean that your mortgage will be considered current, unless your payments under the plan completely resolve all past due amounts.***

[If Borrower has an escrow waiver, include the following language:

If your monthly payment did not include escrows for taxes and insurance, you are now required to pay any such amounts as part of your monthly payment:

- ***Any prior escrow waiver that allowed you to pay directly for taxes and insurance is revoked as a part of the trial period plan. We may establish an escrow account immediately, and you will pay required escrow payments into that account unless not*** *allowed by applicable law. In this case, a portion of your trial period plan payment will cover these required escrow payments.]*

Your current mortgage documents remain in effect; however, you are permitted to make the trial period plan payment instead of the current monthly payment required under your mortgage documents:

- ***All the terms of your current mortgage documents remain in effect during the trial period plan. Nothing in the trial period plan shall be understood to be a satisfaction or release in whole or in part of your obligations contained in the mortgage documents.***

We reserve the right to revoke this offer or terminate the trial period plan following your acceptance if we learn of information that would make you ineligible for the trial period plan or loan modification. In this event, we may exercise any of the rights and remedies provided by the loan documents and applicable law.

Your mortgage will not be modified if you sold or transferred any interest in the property in violation of your mortgage loan documents.

[Insert other pre-conditions to a loan modification that may be applicable to this Borrower, such as resolution of any title/lien priority defects, entrance into a subordination agreement, approval by bankruptcy court or trustee, etc.]

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of a complete loss mitigation application and concerns property serving as the Borrower's principal residence, then if required by applicable law, such as 12 C.F.R. §1024.41, add the following if the Borrower was reviewed for other loan modification trial period plans and determined to be ineligible for any such trial period plans:

Modification Program Review

You were evaluated for a loan modification trial period plan based on the eligibility requirements of the owner of your mortgage.

Based on our review of the information you provided, although you are approved for the current loan modification trial period plan, we are unable to offer you the following loan modification trial period plan(s) for the reasons described below:

- ***[INSERT OTHER MODIFICATION PROGRAMS AND REASONS FOR INELIGIBILITY]***

Right to Appeal

You have the right to appeal our decision not to offer you the loan modification trial period plan(s) described above. If you would like to appeal, you must contact us in writing, no later than [DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER], and let us know that you are requesting an appeal of our decision. You must include the following in the appeal:

- ✓ ***your name,***
- ✓ ***property address, and***
- ✓ ***mortgage loan number***

You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER]. Appeal requests or documentation received after this date may not be considered.

If you elect to appeal:

- ***We will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.***

- ***You do not have to accept this offer until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification trial period plan described above, we will send you an offer for that trial period plan. In that case, you will be given 14 calendar days from the date of the appeal decision to let us know that you intend to accept the current trial period plan offer (which may be revised to reflect the new trial period plan payment due dates and payment amounts if you have not already accepted the offer) or the new trial period plan offer. If you wait to make the first trial period plan payment described above until after receiving our appeal decision, your loan will become more delinquent.***

- ***Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage during the appeal.***

****Servicers must not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those Borrowers whose properties do not serve as the Borrower's principal residence. Servicers must only send the right of appeal language to Borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]***

QUESTIONS?

CONTACT US [SERVICER'S NAME]

Phone: [8XX-XXX-XXXX]

Email Address: [SERVICER'S EMAIL]

Website: [SERVICER'S WEBSITE]

We are here to help you with your mortgage.

APPENDIX E

FORM COVID-19 MODIFICATION COVER LETTER

[DATE]

[Servicer Logo]

Dear [BORROWER NAME(S)]:

[SUBJECT PROPERTY ADDRESS 1]

[SUBJECT PROPERTY ADDRESS 2]

[CITY, STATE ZIP CODE]

REFERENCE: [MPF LOAN NUMBER] [PFI LOAN NUMBER]

Subject: Loss Mitigation Offer Enclosed

Dear [BORROWER NAME(S)]:

We are pleased to inform you that you are eligible for a Loan Modification, which will permanently change the terms of your mortgage.

If you comply with the terms of the required Trial Period Plan, we will modify your mortgage and may waive all prior late charges that remain unpaid.

The enclosed modification agreement ("Loan Modification Agreement") reflects the proposed terms of your modified mortgage.

Accepting the Offer

To accept the offer, you must:

- **Sign and return** both copies of the Loan Modification Agreement back to us in the enclosed, pre-paid envelope by **[INSERT DATE]**. If you do not send both signed copies of the Loan Modification Agreement by the above date, you must contact us if you still wish to be considered for a modification.
  - If the Loan Modification Agreement has notary provisions at the end, you must sign both copies before a notary public and return the notarized copies to us.
  - Please make a copy of all documents for your records.
- **Make all remaining trial period payments** on or before the dates they are due. If the trial period payments are made after their due dates or in amounts different from the trial period payment amount required, your mortgage may not be able to be modified.

Summary of Modified Mortgage

To better understand the proposed terms of your modified mortgage, the following is a summary of your modified mortgage and the Loan Modification Agreement.

UNPAID PRINCIPAL BALANCE. Any past due amounts as of the end of the trial period, including unpaid interest, real estate taxes, insurance premiums, and certain assessments paid on your behalf to a third party, will be added to your mortgage loan balance. In addition, your mortgage insurance premium may increase as a result of the higher mortgage loan balance. **If you fulfill the terms of the trial period including, but not limited to, making any remaining trial period payments, we will waive ALL late charges that have accrued and remain unpaid at the end of the trial period.**

[**INTEREST RATE**. [If interest rate is changing: The interest rate on your modified loan will be adjusted as noted in the attached Loan Modification Agreement in Section __.] [If interest rate is not changing: The interest rate on your modified loan will not be adjusted. As a result, the existing interest rate on your mortgage loan will be applied to your modified loan as noted in the attached Loan Modification Agreement.]

TERM EXTENSION. To reduce your mortgage payment, we may extend the term of your mortgage. If so, this means we will spread your payments over a longer period.

[**DEFERRAL OF PRINCIPAL**. To further reduce your mortgage payment, we will defer collection of and not collect interest on $_______ of your outstanding principal. You will not be required to make monthly payments on that portion. This portion of principal will be due when you pay off the modified loan, which will be when you sell or transfer an interest in your house, refinance the loan, or when the last scheduled payment is due.]

[**ESCROW ACCOUNT**. The terms of your Loan Modification Agreement require that you pay into an escrow account an amount sufficient to cover your property taxes, insurance premiums and other required fees. Any prior waiver of escrows by your lender is no longer in effect. ***[Servicer]*** will draw on this account to pay your real estate taxes and insurance premiums as they come due. Please note that your escrow payment amount will adjust if your taxes, insurance premiums and/or assessment amounts change, so the amount of your monthly payment that ***[Servicer]*** must place in escrow will also adjust as permitted by law. This means that your monthly payment may change. Your initial monthly escrow payment will be $____________________. This amount is not included in the loan payment noted in Section __ of the enclosed Loan Modification Agreement; you must remit this amount separately.]

[**ESCROW SHORTAGE**. Due to the timing of your tax and insurance payments, we have determined that there is a shortage of funds in your escrow account in the amount of $_______. You may pay this amount over a _____-year (___ months) period. This monthly payment has not been included in the monthly escrow payment stated above. **If you wish to pay the total shortage now in a lump sum, please contact us. Paying this amount now in a lump sum will reduce your new monthly mortgage payment.]** [Servicer may include alternative provisions to deal with an escrow shortage in accordance with applicable law.]

PAYMENT TERMS. The enclosed Loan Modification Agreement includes your monthly principal and interest payment amount in Section __ showing your payment for the life of your modified loan after the trial period.

FEES. There are no fees or other charges for this modification.

LOAN MODIFICATION AGREEMENT. Please read the enclosed Loan Modification Agreement carefully and make sure that you understand it.

QUESTIONS?

CONTACT US [SERVICER'S NAME]

Phone: [8XX-XXX-XXXX]

Email Address: [SERVICER'S EMAIL]

Website: [SERVICER'S WEBSITE]

We are here to help you with your mortgage.

Attachments: Two copies of the Loan Modification Agreement