MPF® Default Tutorial Series

Module 2: Forbearance Plans

October 2026



mpf Mortgage Partnership Finance™

FHLBANKS
LENDING THAT POWERS COMMUNITIES

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Learning Objectives

After completing this training, you will be able to:

- **Determine when forbearance is appropriate** based on the borrower's hardship and eligibility
- **Manage an active forbearance plan** including plan terms, re-evaluation, payments, and late charges
- **Determine how missed payments are resolved** when the forbearance period ends
- **Complete Exhibit B reporting accurately** from identifying reportable loans through submission review

Workout Hierarchy

When a hardship is expected to resolve, evaluate temporary hardship options in sequence.

1	Temporary	Not resolved		Forbearance Plan
2	Temporary	Resolved	Cannot reinstate	Repayment Plan
3	Temporary	Resolved	Cannot afford repayment plan	Payment Deferral

QRPC helps determine whether the hardship is temporary or permanent and which evaluation comes next.

Forbearance Plan Overview

Temporary Relief

A borrower may pause or reduce payments for a defined period while a short-term hardship is ongoing.

Not Payment Forgiveness

Missed payments must be resolved later through reinstatement, a repayment plan, or a payment deferral.

KEY TAKEAWAY

If the hardship becomes permanent or long-term, evaluate the borrower for other appropriate options, such as modification, short sale, or Mortgage Release.

Forbearance Eligibility

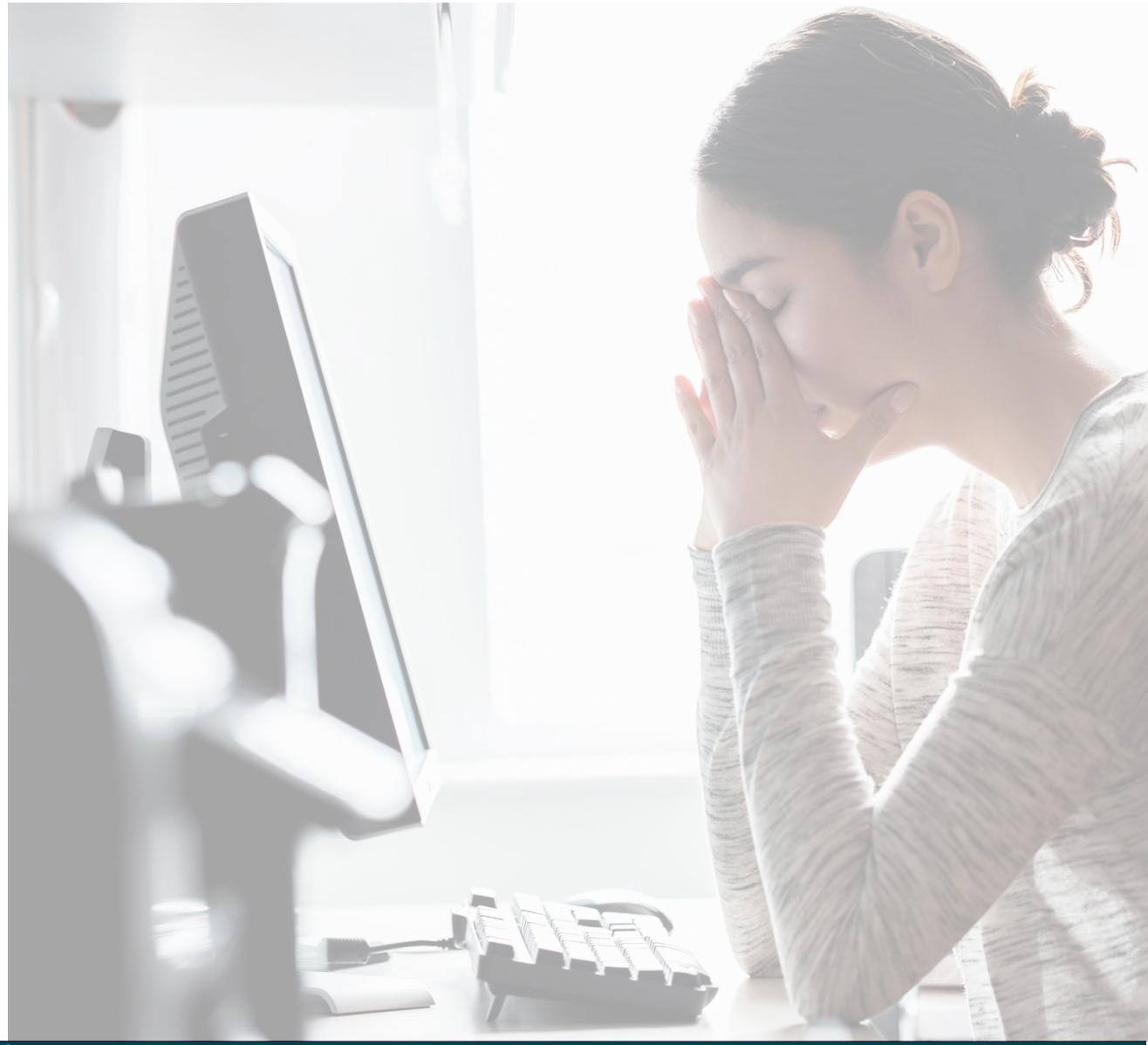
Borrower

Eligible temporary hardship examples:

- Job loss or reduced income
- Illness, injury, or significant medical expenses
- Unexpected large expenses
- Family emergency
- Natural disaster

Property

- Must be the borrower's principal residence.
- The property may be vacant, but it cannot be abandoned or condemned.
- Eligible hardships are not limited to the examples shown.



When QRPC Has Not Been Achieved

Do not treat unsuccessful contact as confirmation that forbearance is appropriate.

1	**Continue Outreach**	Continue borrower-contact efforts in accordance with current servicing requirements.
2	**Document Attempts**	Maintain clear records of contact attempts, information received, and any next steps.
3	**Confirm the Applicable Path**	Use any permitted exception only when all required eligibility conditions are met.

DISASTER-RELATED EXCEPTION	An initial plan of up to 3 months may be offered without QRPC only when all applicable conditions are met.

Confirm the exact outreach, documentation, and exception requirements against the current governing guidance.

Disaster-Related Forbearance

An initial plan of up to 3 months may be offered without achieving QRPC when all conditions are met.

- ☑ Property is in a FEMA-declared disaster area eligible for Individual Assistance

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PROPERTY FLEXIBILITY | The impacted residence may be a second home or investment property.

Documenting the Forbearance Plan

The file should show why the plan was appropriate, what was agreed, and how the borrower was reassessed.

1 Hardship — Borrower's stated hardship and why it is considered temporary

2 Eligibility — Applicable borrower, property, and loan eligibility information

3 Plan Terms — Payment expectations, start date, expected end date, and re-evaluation date

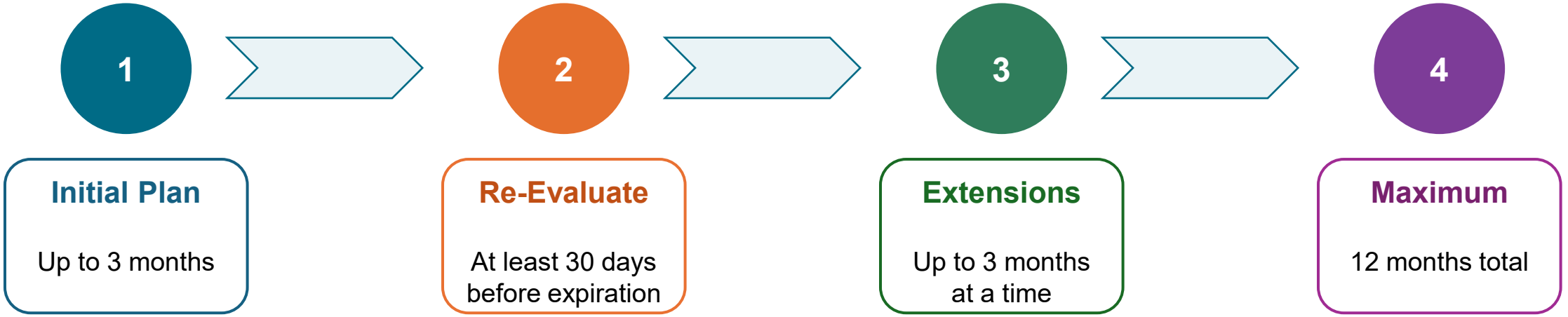
4 Ongoing Contact — Borrower outreach, updated circumstances, and extension decisions

5 Resolution — How the missed payments will be addressed when the plan ends

USE CURRENT REQUIREMENTS — Use current guides and instructions for the specific forms, evidence, retention, and submission requirements.

Forbearance Plan Terms

Reassess throughout the plan. Do not wait until the final month.



If the hardship remains unresolved after 12 months, evaluate other appropriate loss mitigation options.

Late Charges During Forbearance

Fannie Mae Servicing Guide D2-3.2-01

Do not accrue or collect late charges on a performing forbearance plan.

If the borrower defaults on the plan terms, late charges may accrue beginning on the date of default.

When Can Late Charges Begin?

The trigger is a default on the agreed forbearance terms, not the existence of missed contractual payments.

Suspended Payment Plan

The plan requires no payment during the agreed period.

Do not accrue or collect late charges while the borrower follows the plan.

Reduced Payment Plan

The plan requires an agreed reduced payment.

If the borrower fails to make that payment as required, the borrower has defaulted on the plan terms.

After a plan default, late charges may accrue from the date of default.

Payments Received During Forbearance

Payment handling should follow the written plan and the applicable payment-application requirements.

1 Check the Plan Terms

Determine whether the amount received is:

- A required reduced payment
- A voluntary additional payment
- An amount that does not satisfy the agreed terms

2 Apply the Correct Rules

Follow the applicable servicing and payment-application requirements when deciding how to process received funds.

Do not use the late-charge rules alone to determine how the payment should be posted.

3 Document the Treatment

Record:

- Amount and date received
- How the funds were applied
- Whether the borrower remained compliant with the plan
- Any required follow-up

Quick Check | Late Charges

A borrower is on a suspended-payment forbearance plan and makes no payments during the agreed term.

May the servicer accrue late charges during the active plan?

YES

NO

No. Late charges may begin only if the borrower defaults on the agreed plan terms.

Repayment After Forbearance

A forbearance plan addresses the temporary hardship, but it does not resolve the missed payments.

1. **Forbearance Ends** — Confirm whether the hardship has resolved and determine the appropriate next step.
2. **Missed Payments Remain Due** — The borrower must resolve suspended or reduced payments through an available workout option.
3. **Repayment May Follow** — A repayment plan may spread the missed amount over time when the borrower can afford the required payment.

KEY POINT

Do not treat the end of forbearance as the end of the workout.

The missed amount still must be resolved.

MPF DEFAULT REQUIREMENTS

Reporting & Exhibit B

Exhibit B

Exhibit B gives the MPF Provider the delinquency detail needed to understand and follow up on each loan.

1 Portfolio Visibility

Shows which MPF loans are delinquent and their current status.

2 Servicing Activity

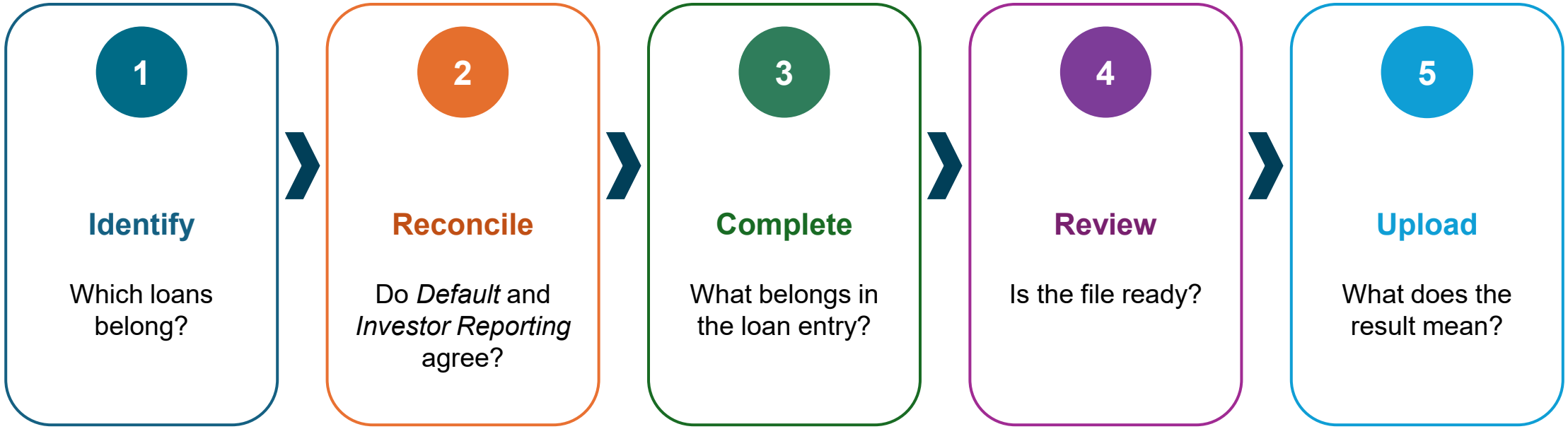
Communicates codes, balances, comments, borrower contact, and current actions.

3 Follow Up and Support

Helps the MPF Default Team update its system, identify questions, and contact the PFI.

Exhibit B captures the monthly status and servicing activity needed to understand and follow up on each delinquent loan.

Monthly Exhibit B Process



Meet the Borrower

This same borrower will carry through every Exhibit B decision.

BORROWER SCENARIO

Borrower temporarily lost employment, entered a 3-month forbearance, and remains delinquent when the next monthly report is prepared.

KEY DATES

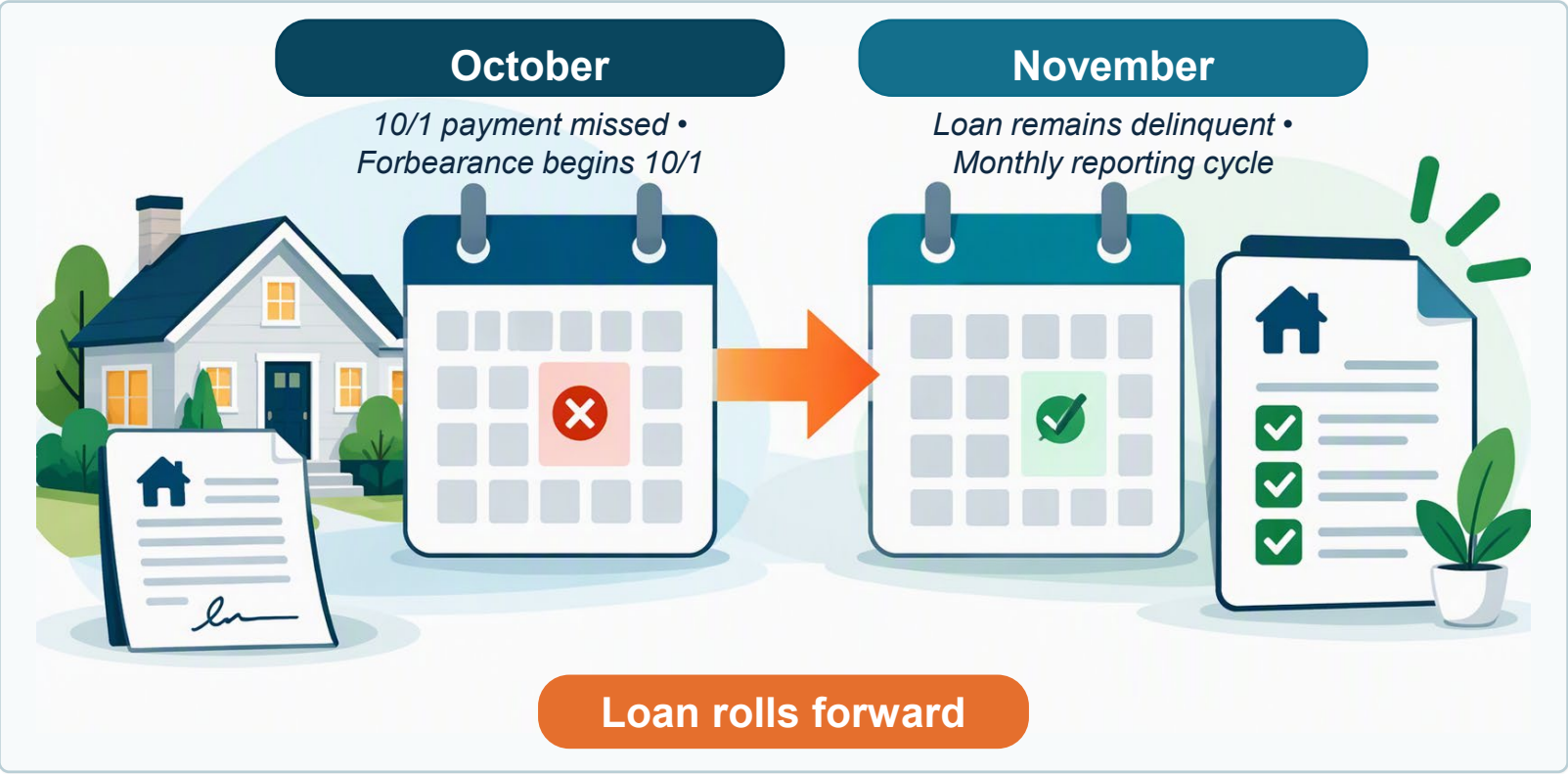
OCT 1st	Contractual payment due, but not made; 3-month forbearance plan begins
NOV 1st	Loan remains delinquent
NOV 3rd	Monthly reporting date (hypothetical)
DEC 31st	Scheduled 3-month forbearance end date

1	**Temporary job loss**	Hardship begins
2	**Forbearance approved**	3-month plan
3	**Monthly report**	Loan remains delinquent
4	**Scheduled end**	Plan expected to conclude

Identify the Loans to Report

Identify

Begin with the reporting population before opening the spreadsheet.



REPORTING DECISION

REPORT ON EXHIBIT B

The loan has rolled into the following month and remains delinquent.

Do not rely on whether exactly 30 calendar days have elapsed.

Reconcile with Investor Reporting



Confirm both teams are reporting the same delinquent loan population.

Investor Reporting

11

Delinquent Loans

›

Default Team

10

Exhibit B rows

=

Difference

1

Missing loan

STOP & RECONCILE If the totals differ, compare the actual MPF loan numbers and resolve the difference before uploading.

Complete the Forbearance Entry

Complete

Use the current Exhibit B Instructions and appendices as the authoritative source.

1	Action Code	20	Loss Mitigation
2	Delinquency Status	9	Forbearance
3	Loss Mitigation Type	FFA	Formal Forbearance Agreement
4	Delinquency Reason	Select Applicable Code	Temporary job loss is the documented primary cause

The codes identify the active forbearance. The reason code identifies the documented primary cause of delinquency.

Add Dates and Context

Complete

The codes show what is happening. The dates and comment show when and where the plan stands.

Plan Start Date

10-01-2026

Scheduled End Date

12-31-2026

MPF Xtra®

Status 09: start date + future scheduled end date

USEFUL COMMENT

“Three-month forbearance began 10/01/2026; scheduled to end 12/31/2026.”

Dates are hypothetical. Use the actual dates and required format.

While the plan remains active, the scheduled end date should be in the future.

Review Prior to Upload



The borrower entry is complete. Now review the population and the file together.

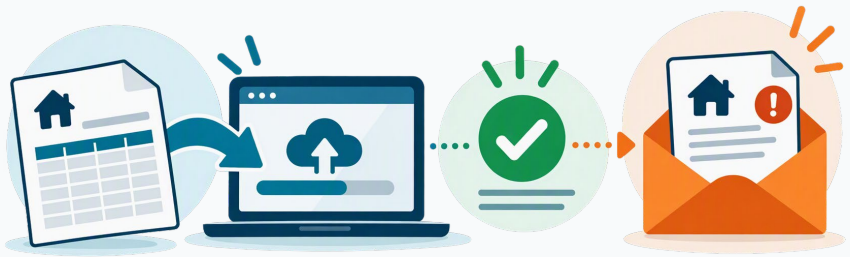
- Loan population matches Investor Reporting
- Clean monthly file used
- Required and conditional fields completed
- Current codes and exact formats used
- Plan dates entered correctly
- Comments provide useful context

Upload and Confirm

Upload

The upload result and the later missing-loan notice answer different questions.

1. FILE UPLOADED **2. FILE ACCEPTED** **3. NOTICE RECEIVED**



Successful Upload

The system accepted the file. This does not confirm that every required loan was included.

Later Missing-loan / Fee Notice

One or more required MPF loan numbers were omitted. Review the loan numbers identified in the notice.

CONFIRM BOTH Was the file accepted? • Was the reconciled loan population complete?

Exhibit B | Start to Finish

A successful submission starts before the spreadsheet is uploaded.

1	**Identify**	Loan rolled into next month and remains delinquent
2	**Reconcile**	Default and Investor Reporting agree on the population
3	**Complete**	Codes, reason, dates, and useful comments
4	**Review**	Clean file, required fields, exact formats
5	**Upload**	Confirm acceptance and population completeness

Key Takeaway: A successful submission starts with the right loans and ends with the right information.

Key Takeaways

Confirm the Hardship

- Forbearance is designed for an eligible temporary hardship.

Follow the Timeline

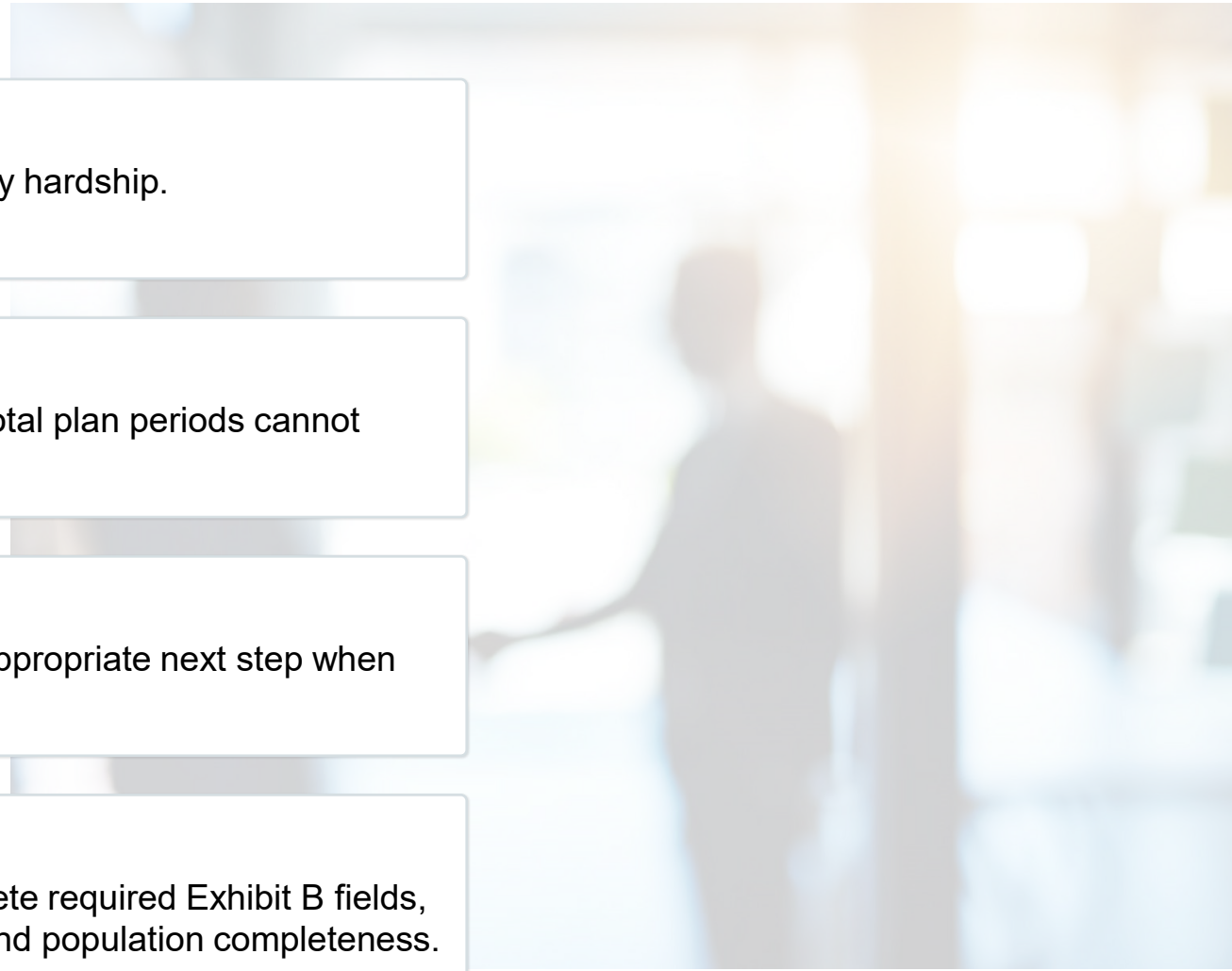
- Re-evaluate at least 30 days before expiration; total plan periods cannot exceed 12 months.

Resolve Missed Payments

- Forbearance is not forgiveness. Determine the appropriate next step when the plan ends.

Report Accurately

- Reconcile the delinquent-loan population, complete required Exhibit B fields, review the file, and confirm upload acceptance and population completeness.



Next Steps

A five-part learning path focused on borrower analysis, workout selection, and practical application. Ongoing Office Hours for continued support.

Build Foundation… **…Reinforce**

1	2	3	4	5	6
Loss Mit Framework	**Forbearance Plan**	**Repayment Plan**	**Deferral Plan**	**Flex Modification**	**Office Hours**
Build the borrower hardship lens and workout hierarchy used across all modules	Temporary hardship, payment relief, and what happens next	Repayment feasibility, borrower capacity, and when more information is needed	Eligibility, exclusions, and application using approved resources	Permanent hardship resolution and modification decision factors	Quarterly Q&A for PFIs with active delinquencies and emerging questions

Scan the QR code to register for the Tuesday, November 17, 2026, **Default Tutorial Office Hours** webinar or click here.

Scan the QR code to register for the Tuesday, November 24, 2026, **Repayment Plan** webinar or click here.

Contact the MPF® Service Center

For questions or assistance, the MPF Service Center is available from 8:30 a.m. to 4:30 p.m. CT:

MPF Customer Service Portal

MPF-Help@fhlbc.com

877.345.2673



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