



Forbearance Plan



Borrower



Eligibility



Plan Requirements



Servicer Requirements



Reporting

Definition

A written agreement defining whether the Borrower may make either reduced or no monthly payments for a specified period of time

A Forbearance Plan may be the solution for a borrower experiencing...

- Short-term hardship
- Long-term hardship
- Unemployment

Borrowers whose residences or places of employment are in an Eligible Disaster Area continue to be subject to special forbearance plan requirements and are not addressed in this document. See Guide Chapter 8404

Hardships

Unemployment

Reduction in income

Increase in housing expenses due hardship outside borrower's control

Disaster impacting property or Borrower's place of employment

Long-term or permanent disability

Divorce, legal separation, or separation of borrowers unrelated by marriage

Death of a Borrower or a primary or secondary wage earner

Distant employment transfer/relocation

Other

Borrower eligibility

Delinquency

- Current or less than 360 days delinquent overall

Hardship

Documentation

- If Quality Right Party Contact achieved, no Borrower Response Package

Mortgage eligibility and exclusions

- Eligible: Primary residence
- Ineligible: Abandoned/condemned or second homes/investment properties

Extensions

- Meets all Forbearance Plan eligibility requirements

Number of permitted forbearance plans

- No limit

Forbearance Plan terms

No payment or reduced payments

- P+I must be lower than contractual P+I

Late charges

- No accrual during Forbearance Plan period

Forbearance Plan terms

- 1-6 months and one or more extension of 1-6 months – not to exceed cumulative 12 months of delinquency

Plan termination

- Failure to meet terms
- Eligibility criteria not met
- Hardship is resolved
- Termination request

Post-forbearance options

- Full reinstatement
- Payment in full
- Repayment plan
- Workout option

Documenting terms

- Must be in writing

Servicer responsibilities

Contact requirements

- At Servicer's discretion, various methods to contact Borrower to evaluate Borrower's eligibility or eligibility for extension

Procedures

- Establish written policies and procedures to determine: borrower's hardship, whether to require a reduced payment, and Servicer's decision-making process

For more detailed information on Forbearance requirements, refer to Guide Chapter 9203

Servicer reporting

Electronic Default Reporting (EDR) requirements

- EDR Code 09
- Start date
- Reason for default
- Report for every month the Forbearance Plan is in effect

Credit Reporting

- Report full-file status to the major credit repositories