Home-Retention Exits out of COVID-19 Related Forbearances

This table is current as of November 17th, 2020. This table does not represent legal interpretation, guidance, or advice of the Consumer Financial Protection Bureau. While efforts have been made to ensure accuracy, only the relevant agencies' rules or guidance can provide complete and definitive information regarding requirements.

What information is included in this table?

Mortgage borrowers experiencing hardship as a result of COVID-19 have several options available after forbearance. The tables below focus on detailing the loan modifications and deferral/partial claim options available for federally backed loans (e.g., FHFA/GSE, FHA, VA, and USDA loans.

What information is not included in this table?

There are two loss mitigation options available to borrowers with federally backed loans that are not detailed in this table:

- Reinstatement (lump-sum payment): Should borrowers have the means, reinstatement (lump-sum) is an option to consumers that qualify. However, if borrowers are unable to make a lump-sum payment it is not required. There is evidence that this is a concern for borrowers, so clients should be reassured that for federally-backed loans this is not required.
- Repayment plan: Borrowers pay extra on their regular mortgage amount until the missed payments are paid off. If borrowers are unable to afford a repayment plan, this is also not required.

This table does not include any other options that may be available for non-federally backed loans.

IMPORTANT**:** This is not a comprehensive catalogue of the loss mitigation waterfalls that each agency offers. Instead, it aims to provide a brief overview of the **home-retention loss mitigation avenues that may be available to consumers once they exit a COVID-19-related forbearance.** Borrowers should be strongly encouraged to contact their servicers to understand how the process applies to them.

How should this table be used?

This table should be used alongside the "Post-Forbearance Flowchart" to help identify which post-forbearance plan **might** be the best fit for the borrower given their financial circumstances and the agency that backs their loan. It is intended to equip the housing counselor to help their client have a productive conversation with their servicer. **This guide should under no circumstances be used to screen borrowers for options. In order to prevent misinterpretation, the eligibility column is intentionally incomplete. The borrower should always be encouraged to contact their servicer to determine eligibility rather than relying on the resources found here or online.**

A note on payment status: For purposes of this chart, the term "delinquency" may include the time in forbearance. For example, a person who has been in forbearance for six months is roughly 180 days delinquent.

Consumer Financial Protection Bureau

Summary Table: Home-Retention Loss Mitigation Options for COVID-19 Related Forbearances

Federal Housing Finance Agency (FHFA): Fannie Mae/Freddie Mac	Federal Housing Administration (FHA)	Department of Veterans Affairs (VA)	United States Department of Agriculture (USDA)
• **Reinstatement** • **Repayment Plan** • **COVID-19 Payment Deferral:** option for borrowers impacted by COVID-19 who can resume normal monthly mortgage payments to repay missed payments at the time the home is sold, refinanced, or at maturity. • **Flex Modification:** intended for consumers unable to resume normal monthly payments and require additional assistance to retain the property.	• **Reinstatement** • **Repayment Plan** • **National Emergency Standalone Partial Claim:** a owner-occupant borrower who receives a forbearance for borrowers affected by the COVID-19 must be considered for this by the end of the forbearance period. The mortgage had to be current or less than 30 Days past due as of March 1st, 2020. • **Owner-Occupant Loan Modification**: modifies the rate and term of existing mortgage • **Combination Partial Claim and Loan Modification:** allows for use of a partial claim up to 30% of the unpaid principal balance; other amounts owed are handled through a mortgage modification • **Standard FHA HAMP Combination Loan Modification and Partial Claim:** borrowers that do not qualify for other loss mitigation programs and who have adequate debt-to-income ratios.	• **Reinstatement** • **Repayment Plan** • **Loan Modification:** allows servicer to permanently modify the terms of the mortgage to reinstate the loan • **Streamline Modification:** allows servicers to extend permanent payment relief when the borrower has not submitted a complete loss mitigation application. • **VA Affordable Modification:** modification when other home retention options are not feasible. • **VA Disaster Modification:** allows servicers to offer a permanent modification of loan terms to provide payment relief to impacted delinquent borrowers when the borrower has not submitted a complete loss mitigation application. • **Disaster Extend Modification:** allows servicers to offer permanent payment relief by extending the maturity date, up to 12 months, to impacted delinquent borrowers when the borrower has not submitted a complete loss mitigation application. • **COVID-19 Deferment:** allows borrowers to repay their missed payments through a partial claim at the end of their loan.	• **Reinstatement** • **Repayment Plan** • **Special Relief Measures: (for borrowers current prior to COVID-19)** o **Term Extension:** the loan term may be extended an equal number of months to the term of the forbearance provided. o **Cap and Extend:** all arrearage should be capitalized, and term should be extended until the payment is the same as prior to COVID. o **Disaster Mortgage Recovery Advance:** Arrearage should be included in an MRA and borrower should continue making normal contractual payments. Partial claim available to borrowers unable to meet targeted monthly payment with traditional loan modification options. • **Loan Modification:** for borrowers who have experienced a permanent or long-term reduction in income or an increase in expenses, or who has recovered from the cause of the default but does not have enough income to repay the arrearage through a repayment plan. . This option can be combined with a partial claim if necessary.

Detailed Tables By Agency

FHFA: Fannie Mae/Freddie Mac (Confirmed with FHFA 10/20)
Useful Links:

- Fannie Mae "Here to Help" Page
- Fannie Mae Options after a Forbearance Plan Page
- Freddie Mac "Avoiding Foreclosure" Page
- Freddie Mac "Understanding COVID-19 Payment Deferral" Page
- Fannie Mae Lender Letter to all Single Family Servicers (Contains specifics)
- Fannie Mae Servicing Guide "Flex Modification"
- Freddie Mac Servicing Guide "Flex Modification"

FHFA Option	Eligibility	Process	Terms

COVID-19 Payment Deferral: adds up to 12 months of missed payments to the end of the borrower's loan (non-interest-bearing)	**Loan type:** Conventional, first-lien mortgage
	
	• Eligibility is left intentionally incomplete as the GSEs require servicers to assess borrowers through a complex waterfall with specific eligibility criteria. To avoid borrower confusion or misinterpretation, instead direct borrowers to get in contact with their servicer.
		• Servicer must attempt to establish Quality Right Party Contact (QRPC)
		• If QRPC is not achieved, the Servicer must send a proactive solicitation for COVID-19 Payment Deferral within 15 days of the expiration of the COVID-19 forbearance to borrowers who are otherwise eligible.
		• The Servicer must send a COVID-19 Payment Deferral Agreement to the borrower no later than five days after completion of this option.
		• The Servicer must complete the COVID-19 Payment Deferral in the same month it determines the borrower is eligible.
			• Defer the delinquent P&I and any other expenses or amounts due that are permitted to be capitalized under Flex Modification capitalization rules into an existing or newly created non-interest-bearing UPB (Deferred UPB). The aggregate Deferred UPB will become due on the earlier of:
			  o The Mortgage maturity date.
			  o The Mortgage payoff date (e.g., refinance or payoff of the interest-bearing UPB); or
			  o Upon transfer or sale of the Mortgaged Premises.
			• The Servicer must:
			  o Advance the due date of last payment installment to bring the Mortgage to current status.
			  o Ensure that the remaining payment schedule associated with the interest-bearing UPB remains unchanged from the Mortgage's pre-COVID-19 Payment Deferral payment schedule.
			  o Waive all accrued and unpaid late charges upon completion of the COVID-19 Payment Deferral.
			• When offering the COVID-19 Payment Deferral, the Servicer must ensure all other terms of the existing Mortgage remain unchanged including, but not limited to, the: remaining amortization schedule, monthly P&I portion of the existing contractual monthly Mortgage payment, Interest rate (this includes maintaining the existing rate adjustment schedule for an ARM or a Step-Rate Mortgage); and maturity date.

FHFA Option	Eligibility	Process	Terms
		The servicer may also use an additional month for processing time.	
Flex Modification with reduced eligibility requirements for COVID-19 Impacted borrowers: a payment reduction that permanently changes one or more of the original terms of a mortgage (such as the interest rate and mortgage term)	**Loan type:** Conventional, first-lien mortgage • Eligibility is left intentionally incomplete as the GSEs require servicers to assess borrowers through a complex waterfall with specific eligibility criteria. To avoid borrower confusion or misinterpretation, instead direct borrowers to get in contact with their servicer.	• Servicers must evaluate COVID-19 impacted borrowers for Flex Modification using reduced eligibility criteria • Servicers must attempt to establish Quality Right Party Contact (QRPC) • Proactive solicitation for Flex Modification is required for eligible borrowers who do not respond to solicitation for COVID-19 Payment Deferral. • Offer Trial Payment Plan	**The following steps will be taken to modify the loans amount. Not all steps will apply to all borrowers, and additional steps may be applied in complex cases. Contact the servicer to find out how it applies to individual cases.** • The servicer must determine the post-modification MTMLTV ratio, which is defined as the gross UPB of the mortgage loan including capitalized arrearages, divided by the current value of the property • Capitalize arrearages (unpaid balances of accrued interest, escrowed advances etc.). • Fixed rate mortgage loan. • Verify interest rate and reduce, if applicable. • Provide or increase principal forbearance, if applicable. • Extend the term to 480 months from the modification effective date. • Provide or increase principal forbearance until a 20% P&I payment reduction is achieved; however, the servicer must not forbear more than o an amount that would create a post-modification MTMLTV ratio less than 80% using the interest-bearing principal balance, or o 30% of the gross post-modification UPB of the mortgage loan. • Monthly P&I payment must be less than or equal to the pre-modification P&I payment. • Prior to granting the loan mod, the servicer must place the borrower in a Trial Period Plan using the new modified mortgage loan terms.

Federal Housing Agency (FHA) (Confirmed 9/23)

Useful Links:

- FHA Press Release on Home Retention Measure during COVID-19
- Mortgagee Letter on FHA's COVID-19 Loss Mitigation Options
    - FHA PowerPoint Version of Mortgagee Letter
- FHA FAQs about COVID-19
- FHA Single Family Housing Handbook Detailing Required Documentation

FHA Option	Eligibility:	Process:	Terms:
National Emergency Standalone Partial Claim	**Loan type:** FHA, owner-occupied. **Payment status:** • Mortgage is current or less than 30 days past due as of the date of the declared disaster. • Borrower indicates ability to resume payments **Documentation**: • As listed under Delivery of Partial Claim Documents (III.A.2.k.v(J)(6)),the Mortgagee must deliver to HUD's Servicing Contractor: o Partial Claim promissory note. o Recorded subordinate Mortgage.	• Mortgagees must complete a Loss Mitigation Option for eligible borrowers no later than 90 days from the earlier of the date of completion or expiration of the COVID-19 Forbearance • If borrower is not brought current by partial claim, the borrower must be evaluated for other loss mitigation options. • A Trial Payment Plan (TPP) is not required	The Mortgagee must ensure that: • the borrower's accumulated late fees are waived; and • the COVID-19 National Emergency Standalone Partial Claim amount includes only arrearages, which consists of Principal, Interest, Taxes, and Insurance; and • the COVID-19 National Emergency Standalone Partial Claim does not exceed the maximum statutory value of all Partial Claims for an FHA-insured Mortgage, as listed in Statutory Maximum for Partial Claims (III.A.2.k.v(D)(2)(a)); and • the borrower(s) receives only one COVID-19 National Emergency Home Retention Option. • Private mortgage terms are unaffected.
COVID-19 Owner-Occupant Loan Modification: Modifies the rate and term of the mortgage	**Loan type:** FHA, owner-occupied. **Payment status:** • the Mortgage was current or less than 30 Days past due as of March 1, 2020 • the borrower indicates they can make the modified Mortgage Payment	• Mortgagees must complete a Loss Mitigation Option for eligible borrowers no later than 90 days from the earlier of the date of completion or expiration of the COVID-19 Forbearance	The Mortgagee must modify the Mortgage as follows: • waive all accumulated Late Charges, fees, and penalties. • only capitalize into a COVID-19 Owner-Occupant Loan Modification: o arrearages for unpaid accrued interest, and o Mortgagee advances for escrowed items. • Ensure this option fully reinstates the Mortgage. • Ensure that the modified Mortgage, including ARM, GPM or GEM, is modified to a fixed rate Mortgage.

FHA Option	Eligibility:	Process:	Terms:
		• The borrower(s) receives only one permanent COVID-19 Home Retention Option. • A TPP is not required	• Ensure that the interest rate is no greater than the Market Rate as defined by HUD[1]. • Ensure that the term for the modified Mortgage is 360 months. The term may be less than 360 months if requested by the borrower. • The borrower's P&I may not increase under the COVID-19 Owner-Occupant Loan Modification unless: ○ The borrower has exhausted the 30 % maximum statutory value of all Partial Claims for an FHA-insured Mortgage. • HUD does not provide a model for COVID-19 Loan Modification documents, but the Mortgagee must ensure the FHA-insured Mortgage remains in first lien position and is legally enforceable.

FHA COVID-19 Combination Partial Claim and Loan Modification: allows for the use of a partial claim up to 30% of the unpaid principal balance; any other amounts owed are handled through a mortgage modification.	**Loan type:** FHA, owner-occupied.
	Payment status:
	• the Mortgage was current or less than 30 Days past due as of March 1, 2020;
	• the borrower has not exceeded the 30% statutory maximum value of all Partial Claims for an FHA-insured Mortgage
	• the borrower indicates they can make the modified Mortgage Payment
	Documentation:
	As listed under Delivery of Partial Claim Documents (III.A.2.k.v(J)(6)), the Mortgagee must deliver to HUD's Servicing Contractor:
	• Partial Claim promissory note.
	• Recorded subordinate Mortgage.
	• with each delivery of Partial Claim documents
		• Mortgagees must complete a Loss Mitigation Option for eligible borrowers no later than 90 days from the earlier of the date of completion or expiration of the COVID-19 Forbearance
		• The borrower(s) receives only one permanent COVID-19 Home Retention Option.
		• TPP is not required
			The Mortgagee must do the following:
			• Waive all accumulated Late Charges, fees, and penalties.
			• Only capitalize into the modification:
			  ○ arrearages for unpaid accrued interest, and
			  ○ Mortgagee advances for escrowed items.
			• Determine the maximum Partial Claim amount available that does not exceed the 30% maximum statutory value of all Partial Claims for an FHA-insured Mortgage. Apply any remaining available Partial Claim amount toward the arrearage first, and then capitalize the remaining arrearage into the modified Mortgage.
			• Ensure the Mortgage is fully reinstated
			• Ensure that the modified Mortgage, including ARM, GPM or GEM, is modified to a fixed rate Mortgage.
			• Ensure that the interest rate is no greater than the Market Rate as defined by HUD[2]

[1] Market Rate is a rate that is no more than 25 bps greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30-year fixed-rate conforming Mortgages (U.S. average), rounded to the nearest one-eighth of 1 percent (0.125 percent), as of the date the Loan Modification is approved.

[2] Market Rate is a rate that is no more than 25 bps greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30-year fixed-rate conforming Mortgages (U.S. average), rounded to the nearest one-eighth of 1 percent (0.125 percent), as of the date the Loan Modification is approved.

FHA Option	Eligibility:	Process:	Terms:
			• Ensure that the term for the modified Mortgage is 360 months. The term may be less than 360 months if requested by the borrower. • The borrower's monthly Mortgage Payment may increase. • HUD does not provide a model for COVID-19 Loan Modification documents, but the Mortgagee must ensure the FHA-insured modified Mortgage remains in first lien position and is legally enforceable.

FHA-HAMP Combination Loan Modification/ Partial Claim <u>with Reduced Documentation:</u> reduces the amount of documentation needed to obtain a COVID-19 FHA HAMP Combination Loan and Partial Claim	**Loan type:** FHA, owner-occupied.
	Payment status:
	• the Mortgage was current or less than 30 Days past due as of March 1, 2020;
	• the borrower has not exhausted the 30 % statutory maximum value of all Partial Claims for an FHA-insured Mortgage; and
	• The Mortgagee must review the borrower for an affordable monthly Mortgage Payment using the FHA-HAMP calculations in Step 5 of the Loss Mitigation Home Retention Waterfall Options Handbook 4000.1 Section (III.A.2.j.iii).
	Documentation (of reduced income):
	• borrower's most recent pay stub for wage income reflecting year-to-date earnings; or
	• the borrower's most recent bank statement reflecting deposits of income amounts from applicable sources; or
	• other documentation (e.g., monthly statement of Social Security benefits, monthly pension statement) reflecting the amount of income.
		• Mortgagees must complete a Loss Mitigation Option for eligible borrowers no later than 90 days from the earlier of the date of completion or expiration of the COVID-19 Forbearance
		• The borrower(s) receives only one permanent COVID-19 Home Retention Option.
		• A TPP is not required
			This is the appropriate option if:
			• A mortgage payment at or below the targeted monthly payment cannot be achieved by re-amortizing the mortgage/outstanding debt for 360 months at the Market Rate.
			• Borrower does not meet the qualifications for a FHA-HAMP Standalone Partial Claim.
			• The maximum allowable Partial Claim (amount required to meet borrower's targeted payment) does not exceed the 30% Statutory Limit
			• If the maximum allowable Partial Claim exceeds the 30% Statutory Limit, the final loan modification amount may include capitalization of the remaining arrearage and foreclosure costs if the front-end ratio is not greater than 40% of the borrower's gross income.
			• The borrower is not eligible for the alternative COVID-19 Home Retention Options due to the following:
			  • the borrower is not eligible for the COVID-19 Standalone Partial Claim because the borrower indicates they are unable to resume the existing monthly Mortgage Payments after the COVID-19 Forbearance; or
			  • the borrower is not eligible for the COVID-19 Combination Partial Claim and Loan Modification because the borrower indicates they are unable to make the modified monthly Mortgage Payment under the COVID-19 Combination Partial Claim and Loan Modification.
			• The Mortgagee must review the borrower for an affordable monthly Mortgage Payment using the FHA-

FHA Option	Eligibility:	Process:	Terms:
			HAMP calculations in Step 5 of the Loss Mitigation Home Retention Waterfall Options (III.A.2.j.iii). • If required, a principal deferment may be utilized. No portion of the Partial Claim may be used to bring the modified PITI monthly payment below the targeted payment.
COVID-19 Non-Occupant Loan Modification	**Loan Type: FHA, Non-owner-occupied** **Payment Status:** • the Mortgage was current or less than 30 Days past due as of March 1, 2020 • the borrower indicates they can make the modified Mortgage Payments **Documentation:** • a copy of the rental agreement for each rental unit, if applicable; • a written statement from the borrower stating: o they are the landlord of the Property and their renter is impacted, directly or indirectly, by the COVID-19 pandemic and is either unable to make rent payments or has vacated the Property; or o the borrower uses the property as a Secondary Residence or Vacation Home	• Mortgagees must complete a Loss Mitigation Option for eligible borrowers no later than 90 days from the earlier of the date of completion or expiration of the COVID-19 Forbearance • Mortgagees must report the appropriate loss mitigation action in SFDMS. • The borrower(s) receives only one permanent COVID-19 Home Retention Option. • A TPP is not required	The Mortgagee must modify the Mortgage as follows: • Waive all fees accumulated during the COVID-19 Forbearance. • Only capitalize into a COVID-19 Non-Occupant Loan Modification: o arrearages for unpaid accrued interest, and o Mortgagee advances for escrowed items. • Ensure that the COVID-19 Non-Occupant Loan Modification fully reinstates the Mortgage. • Ensure that the modified Mortgage, including ARM, GPM or GEM, is modified to a fixed rate Mortgage. • Ensures that the interest rate is no greater than the Market Rate as defined by HUD.3 • Ensure that the term for the modified Mortgage is 360 months. The term may be less than 360 months if requested by the borrower. • The borrower's total monthly Mortgage Payment may increase. • HUD does not provide a model for COVID-19 Loan Modification documents, but the Mortgagee must ensure the Mortgage remains in first lien position and is legally enforceable. • The borrower(s) receives only one permanent COVID-19 Home Retention Option.

Department of Veterans Affairs (VA) (Confirmed 11/16)
Useful Links:

- VA FAQs from Home Loan borrowers During COVID-19
- VA Circular 26-20-33 on Deferment as a Loss Mitigation Option
- VA Circular 26-20-12 on Loss Mitigation Options (pre-deferment announcement)
- VA Servicer Handbook (See Chapter 5 on Loss Mitigation)

VA Option	Eligibility:	Process:	Terms:
Traditional Loan Modification	**Loan Type:** VA, first-lien mortgages. **Payment status:** • Loan is in default, modification will cure the default. **Documentation:** • Review borrower financials to ensure the household income supports all financial obligations. (Note: An exception is granted to VA Regulation 36.4340.) **Note**: Servicers have discretion to consider other eligibility exclusion criteria including, but not limited to, loans in active bankruptcy, mediation, or litigation, upon advice of servicer's counsel. **Other:** • The event, or circumstances that caused the default has been, or will be resolved, and is not expected to re-occur. • Property cannot be abandoned or condemned.	• Servicer ensures the first lien position remains intact. • Review of borrower financials. • Servicers should review the modification option that is most appropriate for the borrower's circumstances. • Servicers are encouraged to continue solicitation throughout the borrower's delinquency and the foreclosure process.	• Must bear a fixed-interest rate. The rate must not exceed the weekly Freddie Mac Primary Mortgage Market Survey Rate for 30-year fixed rate conforming mortgages, rounded to the nearest one-eighth of one % (0.125%), as of the date the modification agreement is approved, plus 50 basis points, and no more than 1 % higher than the existing interest rate on the loan. Servicers may offer an interest rate below the maximum allowable rate at their discretion. • The servicer will not charge a processing fee, and all unpaid late fees will be waived. Any other actual costs incurred, and legally chargeable, but which cannot be capitalized in the modified indebtedness, may be collected directly from the borrower as part of the modification process, or waived, at the discretion of the servicer. • Current owner is obligated to pay and party to the loan modification. • Guaranty amounts may be impacted, as outlined in VA Regulation 36.4315.
Streamline Loan Modification	**Loan Type:** VA, first-lien mortgages. **Payment status:** • Loan is in default, and modification will cure the default. **Documentation:** Servicer evaluation of the borrower's financial	• Borrower must successfully complete a trial payment plan.	• There must be at least a minimum 10% reduction in the monthly principal and interest payment. • Must bear a fixed-interest rate. The rate must not exceed the weekly Freddie Mac Primary Mortgage Market Survey Rate for 30-year fixed rate conforming mortgages, rounded to the nearest one-eighth of one % (0.125%), as of the date the

VA Option	Eligibility:	Process:	Terms:
	information is **not** required for streamline loan modifications. • Borrowers must successfully complete a 3-month TPP period and sign the streamline loan modification agreement to receive a permanent loan modification. **Other:** • The event, or circumstances that caused the default has been, or will be resolved, and is not expected to re-occur. • Property cannot be abandoned or condemned. • The borrower has not previously defaulted on a prior streamline loan modification. • The borrower has not submitted a complete loss mitigation application currently under review, and/or is not performing under a default curing loss mitigation option.		modification agreement is approved, plus 50 basis points, and no more than 1 % higher than the existing interest rate on the loan. Servicers may offer an interest rate below the maximum allowable rate at their discretion. • The servicer will not charge a processing fee, and all unpaid late fees will be waived. Any other actual costs incurred, and legally chargeable, but which cannot be capitalized in the modified indebtedness, may be collected directly from the borrower as part of the modification process, or waived, at the discretion of the servicer. • Current owner is obligated to pay and party to the loan modification. • Guaranty amounts may be impacted, as outlined in VA Regulation 36.4315.
VA Affordable Modification (VAAM)	**Loan Type:** VA, first-lien mortgages. **Payment status:** • Loan is in default, and modification will cure the default. **Documentation:** • complete loss mitigation package and review the borrower's financials. If verified financial information indicates insufficient income to justify a traditional loss mitigation options, then the servicer will use the financial	• Evaluation of borrower • Servicers are encouraged to continue solicitation throughout the borrower's delinquency and the foreclosure process.	• Servicers may reduce the interest rate and extend the terms to achieve the target monthly PITIA payment. If principal deferment is necessary to achieve the target, it must be non-interest bearing, and either paid, or refinanced by the maturity date. • Must bear a fixed-interest rate. • New monthly mortgage payment (including principal, interest, property taxes, insurance, and condominium, or homeowners' association fees (PITIA)) no greater than 31 % of the borrower's monthly gross income. • Current owner is obligated to pay and party to the loan modification.

VA Option	Eligibility:	Process:	Terms:
	information obtained to evaluate the possibility of an affordable modification. **Other:** • The reason for default is resolved prior to the modification. • Property cannot be abandoned or condemned.		• Guaranty amounts may be impacted, as outlined in VA Regulation 36.4315.
Disaster Modification	**Loan Type:** VA, first-lien mortgages. **Payment status:** • The mortgage loan was not more than 30 days past due at the time of the disaster. • The mortgage loan is at least 60 days delinquent after the disaster forbearance period has ended. **Documentation:** Servicer evaluation of the borrower's financial information is **not** required for a disaster modification. **Other:** • The event, or circumstances that caused the default has been, or will be resolved, and is not expected to re-occur. • Property cannot be abandoned or condemned. • The borrower has been impacted by a federally-declared disaster. • The borrower has not submitted a complete loss mitigation application currently under review, and/or is not performing under a default curing loss mitigation option.	• Borrower must successfully complete a trial payment plan. • Servicers are encouraged to continue solicitation throughout the borrower's delinquency and the foreclosure process, up to 12 months after the federally-declared disaster.	• Must bear a fixed-interest rate. The rate must not exceed the weekly Freddie Mac Primary Mortgage Market Survey Rate for 30-year fixed rate conforming mortgages, rounded to the nearest one-eighth of one % (0.125%), as of the date the modification agreement is approved, plus 50 basis points, and no more than 1 % higher than the existing interest rate on the loan. Servicers may offer an interest rate below the maximum allowable rate at their discretion. • Current owner is obligated to pay and party to the loan modification. • Guaranty amounts may be impacted, as outlined in VA Regulation 36.4315.

VA Option	Eligibility:	Process:	Terms:
	Note: Disaster modifications are exempted from the following requirements: • At least 12 monthly payments have been paid since the closing date of the loan • A loan has not been modified more than once in a 3-year period or more than 3 times during the life of the loan.		
Disaster Extend Modification	**Loan Type:** VA, first-lien mortgages. **Payment status:** • The mortgage loan was not more than 30 days past due at the time of the disaster. • The mortgage loan is at least 60 days delinquent after the disaster forbearance period has ended. (servicers may offer a disaster modification to a borrower prior to the expiration of the forbearance period if clear evidence exists that the borrower is ready to resume monthly installments) **Documentation**: • Servicer evaluation of the borrower's financial information is not required for a disaster modification. **Other:** • The borrower has been impacted by a federally-declared disaster. • The borrower has not submitted a complete loss mitigation application currently under	• Servicers are encouraged to continue solicitation throughout the borrower's delinquency and the foreclosure process, up to 12 months after the federally-declared disaster. • No TPP required.	The rate must not exceed the borrower's current interest rate. The desired result is that borrowers can resume the same regular monthly installments without feeling as though they have been financially penalized due to a disaster. • the terms of the loan are extended by the equal number of months the loan is delinquent due to the disaster. For example, if the loan is 4-months delinquent, the loan term may only be extended by 4 months. The limit of the term extension is 12-months, without prior approval from VA. • The modification does not raise the borrower's current interest rate or monthly principal and interest amounts. • Servicer waives the delinquent interest. • The servicer may re-amortize the loan, if necessary, to meet any investor restrictions, as long as the new monthly payment is the same as, or less than the current monthly installment.

VA Option	Eligibility:	Process:	Terms:
	review, and/or is not performing under a default curing loss mitigation option. **Note: Disaster extended modifications are exempted from the following requirements:** in 38 C.F.R. 36.4315: • At least 12 monthly payments have been paid since the closing date of the loan. • A loan has not been modified more than once in a 3-year period or more than 3 times during the life of the loan.		
COVID-19 Deferment	**Loan Type:** VA, first lien mortgages **Payment Status:** • The borrower was either current or less than 30 days past due on March 1, 2020 • The borrower can resume making scheduled monthly payments, on time and in full, and that the veteran occupies the secured property **Documentation:** • The servicer determines that the veteran's monthly residual income, as described in § 36.4340(e), will be adequate to meet living expenses after estimated monthly shelter expenses have been paid and other monthly obligations have been met; and	• The servicer must submit the application no later than 90 days after the date the borrower exits the CARES Act forbearance.	• Must waive late charges and fees that were incurred between March 1, 2020, and the date the borrower entered the CARES Act forbearance. • The amount of the deferment that VA will pay to the servicer may not exceed 15% of the unpaid principal balance of the guaranteed loan, as of the date the veteran entered into a CARES Act forbearance. • Notwithstanding subparagraph (1), a veteran or servicer may opt to reduce the amount of the CARES Act indebtedness, such that the amount of deferment would not exceed the 15% cap described in paragraph (c); • All loan documents must be fully executed no later than 60 days after the veteran exits the CARES Act forbearance. • The servicer must not charge any fee in connection with the program, except that the veteran may pay the actual amount of recording fees, recording taxes, or other charges levied by the recording authority. • The interest rate on the loan created by the note and security instrument must be fixed at 1.00 % per annum; • Monthly payments are automatically deferred for the first five years of the loan, meaning that there is no payment due to the Secretary during the period of deferment;

VA Option	Eligibility:	Process:	Terms:
	• The veteran executes all loan documents necessary to establish an obligation to repay the deferred amount **Other:** • VA will pay only one deferment payment per loan and borrower		• Interest will accrue on the loan during such deferment; • A borrower may, without premium or fee, make payments during such deferment for the entire indebtedness, or any portion thereof provided that such portion is not less than the amount of one monthly payment; • The term of the loan must be ten years; • The loan shall be amortized fully within the term of the loan in accordance with any generally recognized plan of amortization requiring approximately equal monthly payments; and • Repayment in full is required immediately upon– o the veteran's transfer of title to the property; or o the refinancing, or payment in full otherwise, of the guaranteed loan with which the partial claim payment is associated.

United States Department of Agriculture (USDA) (Confirmed 11/12)
Useful Links:

- Rural Development COVID-19 Response Page
- Loan Technical Handbook, Chapter 18: Servicing Loans with Repayment Problems

USDA Option	Eligibility:	Process:	Terms:
Special Relief Measures: • **Term Extension** • **Capitalization of delinquency and Term Extension** • **Mortgage Recovery Advance**	**Loan Type:** USDA, first-lien, owner-occupied mortgage. **Payment status:** • The loan was current or less than thirty (30) days past due as of March 1st **Documentation:** • The servicer receives verification the hardship (employment and/or property) has been resolved; and **Other:** • Total modified mortgage principal and interest payment is less than or equal to the payment prior to modification.	• The Servicer should evaluate the borrower for all three options and offer the solution that provides the best outcome for the borrower.	• **Term Extension**: If the servicer determines the borrower can maintain the current contractual payment including any escrow shortage created by advancements during the forbearance period, spread over 60 months, the loan term may be extended an equal number of months to the term of the forbearance provided. Any interest accrued during the forbearance period should be waived and the servicer may re-amortize the loan, if necessary, to meet any investor restrictions. • **Capitalization of Delinquency and Term Extension:** If the borrower can maintain the current contractual payment but cannot manage the additional escrow repayment amount, the servicer may offer a "Cap and Extend Modification" with the following terms: o Capitalize the accumulated arrearages and eligible unreimbursed servicer advances, fees and costs into the modified mortgage balance; o Extend term for a total of up to 360 months; o Reduce rate down to no greater than 50 basis points greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30-year fixed-rate conforming mortgages (US Average), rounded to the nearest one-eighth of one %age (0.125%), as of the date a plan is offered to the borrower; and o The borrowers post modified PITIA payment must be equal to or less than their payment prior to the disaster. • **Mortgage Recovery Advance:** The servicer may utilize a Mortgage Recovery Advance (MRA) to settle the

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			borrower delinquency and bring the borrower current. The MRA is limited to an amount no greater than what is necessary to resolve any accumulated interest and unreimbursed servicer advances made during the forbearance and must meet all other requirements as explained in section 5.K of the Loss Mitigation Guide found in Attachment 18A.
Loan Modification **1. Can be combined with a partial claim if appropriate**	**Loan Type:** USDA, first-lien, owner-occupied mortgage. **Payment status:** 2. Loan is in default or imminent default (30+ days past due). **Documentation:** • Documentation detailing their involuntary inability to pay/hardship. o Income documentation. o Credit Report.	• Property eligibility • borrower eligibility • Financial analysis • Complete modification	• The modification results in a fixed-rate fully amortizing loan. • The modified interest rate can't exceed the current market rate. • The modification brings the loan current. • Calculate the target payment as 31% of the verified gross monthly income. Loan Modification options shall be used in the following order to bring the borrowers mortgage payment (PITIA) to as close as possible to the target payment: 1. Capitalize all delinquent costs or fees. 2. Reduce interest rate to a level at or below the maximum allowable rate as defined by The Agency. 3. If the target payment is unable to be achieved with rate reduction alone, the servicer shall extend the term in one-month increments, up to a maximum of 360 months until one of the following is achieved: a. The mortgage payment is at or below the target and the payment has been reduced a minimum of ten %; or b. The mortgage payment is at or below the target and the term has been extended to the cap of 360 months. 4. If the servicer has completed all steps of the traditional modification and the target payment is unable to be achieved, they may continue with Special Servicing Options. 5. If the servicer determines that the borrower is not eligible for Special Servicing Options a modification

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			can still be offered if the following conditions are met: a. The borrowers post modified payment is no greater than 36% of their monthly income, and; b. The borrowers post modified payment has increased no more than 10%. • The modified principal balance may exceed the loan's original principal balance. • The modified principal balance may exceed 100% loan-to-value.