Final Transcript

HUD: CFPB Forbearance External

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SPEAKERS

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Rachael Laurilliard - ICF
Mark McArdle - CFPB
Nora O'Reilly - CFPB
Joseph Sant – ICF
William Collins – HUD National Servicing Center
Kerry Lonnen – Fannie Mae
Richard Kane - USDA
Rita Falcioni – Veterans Administration

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by. Welcome to the CFPB Mortgage Forbearance Process Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. Instructions will be given at that time. [Operator instructions]. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Virginia Holman. Please go ahead.

Virginia: Welcome, everybody, to this very interesting and important webinar on mortgage forbearance options for housing counseling agencies. We will be starting the webinar shortly. But first, I want to go over some logistics.

The audio, as the operator said, is being recorded. We will be posting the playback number, the PowerPoint, and a written transcript in the archive section on HUD Exchange. And that usually takes about a week to get posted. The training digest on HUD Exchange will be updated to let you know when the webinar is posted.

This morning I did send out handouts to everybody who had registered. They're also available in the control panel on the right-hand side of your screen. You just hit the name and then download.

We do want you to ask questions. Because of the large number, we will not be taking live questions, but we certainly will take written questions. Again, on the control panel on the right-hand side of your screen is a box that says Questions. So please type your question. We have staff who are reviewing those. One of the things that we will not be able to answer is agency-specific issues, because those you need to contact your POC and have them research the question for you.

Then there's some other after the webinar—please go back a screen. You can send any questions or comments to housing.counseling@hud.gov and put the webinar topic in the subject line. This is for future questions or comments. But if all of your questions have not been answered today, if we run out of time, just send us a note saying hey, I still need an answer to this question, and we'll work on getting that for you.

Okay, next slide. If you've logged into the webinar through GoToWebinar, you will be receiving an email from GoToWebinar with a Certificate of Training. And that usually takes about 48 hours to get to you, so you need to just print it out and save it for your records.

As I said, the webinar material will be posted on HUD Exchange in the webinar archives, and you'll be able to find it by date or by topic. There's also an option for you to get credit when you watch any of the webinars after they've been given. You'll just select your webinar title and click on the Get Credit for This Training.

This is just a screenshot of the training digest. We recommend that you bookmark it and look at it on a regular basis. It generally is updated on Mondays.

And now at this point, I'd like to turn the webinar over to Lorraine Griscavage-Frisbee, the Deputy Director of the Office of Outreach and Capacity Building. Lorraine?

Lorraine Yes. Hello. Thank you very much, Virginia, and good morning and good afternoon to everyone. We're very pleased to have you join us today for, as Virginia said, this very important webinar. As you know, the economic challenges because of COVID-19 continue to impact many people across the United States. And thank you very much to all of our housing counseling agencies that are assisting these clients.

Now today's webinar is going to primarily focus on assisting homeowners that are facing mortgage default situation. The webinar is going to provide information on loss mitigation, and primarily focusing on forbearance options that are available. So counselors that are working or plan to work with clients on the forbearance process will gain a deeper understanding of the relief options available, which is very critical to know when dealing with mortgage default clients.

And we at the Office of Housing Counseling are very appreciative of the Consumer Financial Protection Bureau for suggesting this webinar, and also the excellent CFPB materials that they're going to discover in today's webinar. I also want to express our gratitude to all the speakers and panelists from the other federal agencies, and HUD, that are also participating in today's presentation.

Let me quickly introduce all of our presenters. We have Rachael Laurilliard and Joseph Sant from ICF. ICF is our Office of Housing Counseling technical assistance provider. We also have Mark McArdle and Nora O'Reilly from CFPB. And then we're going to have a panel discussion, and our panelists are going to be William Collins—he's from HUD's National Servicing Center and part of FHA. We're also going to hear from Kerry Lonnen, who is in Fannie Mae, and she's representing the government service entities. And then we have Richard Kane from USDA and Rita Falcioni from the Veterans Administration.

And then lastly, we're going to have Virginia Holman and Julie Rice, and they're both with our Office of Outreach and Capacity Building. They're going to be monitoring the chat box and the questions, and also assisting them in this endeavor will be Joseph Sant, as I said before, a part of ICF.

And with that, welcome everyone, and I'm going to turn the presentation over to Rachael.

Rachael — Okay. Thanks so much, Lorraine. So yes, as Lorraine said, we're really excited to get started on today's presentation. And before we cover these topics, we just want to go through the polling platform for today's webinar.

So most of you will probably be familiar with Mentimeter. This is the polling software that we use for HUD's Office of Housing Counseling webinars. And Mentimeter will just allow us to get live results on the screen throughout today's presentation as we poll you on a couple different questions.

So for Mentimeter to function, go to www.menti.com. You can either do that on your smartphone or in another browser on your computer. And then you will just want to enter that code at the top of the screen right there, so that's 1491507. The code is going to be at the top of the screen every time we ask a Mentimeter question. And once you are logged into Mentimeter—some of you are already starting to do that—it gives a little thumbs up to know that you logged in successfully. And once I see that a bunch of you have logged in, I will ask our first question. But again, it's menti.com, and the code is 1491507. And you can access that either in your web browser, or on your smartphone, or any other device.

Okay. I see a lot of you have logged in. So I'm going to go ahead and move to the first question we have for you today.

We'd love to know which geographic region you offer assistance with mortgage forbearance options. We have a bunch of options around the country here. We want to make sure we're capturing where you're providing services. But maybe you don't currently assist clients with mortgage forbearance options. If that's the case, you can select that option. Maybe you're just here to learn more and potentially add that service but aren't currently providing it.

So I see almost 100 of you have responded so far. That's great. And we're sort of at a tie between the Northeast and the Midwest and Plains. But we have good representation from the South, Mid-Atlantic, Southeast, Pacific Northwest, and the Southwest in California, and then we even have a few of you logged on outside of US mainland. So that's great.

We see about 7% of you currently are not assisting clients with mortgage forbearance options. So that's great. Hopefully you'll learn more today, if you're thinking about assisting clients with mortgage forbearance. I think we're holding steady, around 135 people answering this question. I'm going to move on to the next question.

Now we'd like to know, For your housing counseling client base, which agency backs the majority of loans for clients in need of forbearance? So we have some options here. FHA, the VA, USDA, the GSEs, or other. The VA is the US Department of Veterans Affairs. USDA is the Department of Agriculture. GSEs are the Government Sponsored Enterprises like Fannie Mae, Freddie Mac, and others. But we see the majority of you it's FHA. Great for us to know.

Okay. And the next question is, Are you familiar with the CFPB Mortgage and Housing Assistance website? So I'm just going to go ahead and show it to you on the screen now. This is the mortgage assistance website, and it has a lot of forbearance resources that Nora and Mark from the Consumer Financial Protection Bureau will cover in just a little bit. But this is how the website looks.

And going back to Mentimeter, just interested in whether or not you folks have seen this website before. So it seems like most of you have, which is great. And those of you who haven't, hopefully you'll learn more today about CFPB resources, and that will be a good resource for you moving forward.

Alright. I'm going to go back to our presentation, and I'm going to hand it over to CFPB.

Mark Hi. Thank you very much. It was great to see that so many of you had seen our website, because that's an interagency housing portal. It's at www.cfpb.gov/housing. And all the agencies got together to contribute content, and we've organized it around those who are renters, and then there's a section for people who have a mortgage, people who want to know more about getting into forbearance. And then there's a whole section that we've just improved about your options as you near the end of forbearance.

We have updated some of these contents just recently, so you'll notice that we added three new forbearance consumer guides. One of them is called "Seven Facts About Forbearance." Another is "Next Steps if Your Forbearance is Ending." And the third is "How to Start Forbearance." You'll see those on our website. We also added a new YouTube video, which you saw when she went to the home page, about how to access forbearance.

And so all this content will be available in multiple languages, as the whole website is. And hopefully it will be a good resource for you guys as you navigate all the various options that are there for your clients.

One thing I just wanted to also mention is that you might see or start to see an outreach campaign that has been launched jointly with HUD approved housing counselors. The CFPB logo is on it and the servicers. And it's called "Not Okay? That's Okay." And it has both messaging for folks who haven't yet accessed forbearance and those who are in forbearance and the forbearance is ending and don't know what the next step is.

And there will be links for folks to find their housing counselor. There will be a link for them to contact their servicer. And our logo is there, and hopefully that will help get folks who haven't yet accessed forbearance or their forbearance is ending, get them to the help they need.

So that's pretty much some of our outreach tools, which I hope you will find useful. I'll turn it over to Nora now, who will talk a little bit about how one can consider the approach of forbearance.

Nora Thanks, Mark. Today I'll be highlighting four steps that we've put together that will hopefully help housing counselors when they're thinking about how to assist their clients with the mortgage forbearance process. And this applies to your clients no matter what part of the process they're in. whether they are requesting forbearance for the first time, extending their forbearance, or looking to exit forbearance.

The first step is to assess your client's current situation and determine whether they need to request, extend, or exit. Some things you can think about here are determining what kinds of relief they've already received, if any; what kinds of financial hardship they've experienced in the past, that they're experiencing right now, or that they might be likely to experience in the future.

If your client is not yet in assistance, this is a useful place to explain to them the basics of the forbearance process, which, as Mark mentioned, CFPB has a bunch of great resources on, on that website. And, if they're in forbearance already, which likely a lot of clients are, this is where you'll want to start to determine if they're going to need to extend or exit their forbearance. So, determine how far they are in the program, and if they're nearing that 180-day, six-month mark, it's time to start assessing whether they need to extend or exit.

Then the next step is to determine what kind of mortgage relief your client might qualify for. This step is all about finding out who services their mortgage and finding out if it's federally backed. The crucial part about it being federally backed is that only the federally backed mortgages are guaranteed the protection of the CARES Act.

CFPB, again, has a number of great resources for helping your client find out who their servicer is. The GSEs in particular have really useful lookup tools to understand if the loan is owned by the GSE. So, there are a number of things you can do here to help determine what this relief might look like. This is also a good stage to assess whether there might be state or local options for relief that your client might have.

The next step is to prepare to help the client exit forbearance. This is something to do, regardless of where your client is in the process. If, for example, your client is just in the process of requesting forbearance for the first time, you'll just need to make sure to follow up with them at a later time, as they near their six-month point, to make sure that they have a plan to exit or extend. But, if they're already at the point where they need to make that decision, CFPB have put together a great flowchart resource that we're hoping will be very helpful to you all.

Rachael, if you could display that flowchart now, I'm happy to walk through some of the basics of it. Thank you.

This flowchart is meant for clients that are nearing that 180-day mark. It incorporates some of the questions that we've already talked about today.

It starts off with that question of is your client still facing a financial hardship due to COVID-19. It helps them make decisions from that point. If they answer yes, this is a good time to ask them if they need an extension of their forbearance, at which point, if they say yes, you should inform them that, if they have a federally backed loan, which you hopefully have helped them determine, they can extend their forbearance for up to an additional 180 days.

But it's important to remind them that the only way to guarantee an extension is by contacting their servicer. Throughout this entire flowchart, the bottom line is that action on the part of the client is necessary to do anything with their forbearance. You'll see that again and again, that's what we're really emphasizing here. This flowchart just gives some options that they might be eligible for. But the key is that they need to reach out to their servicer to get moving on those options.

Then, if they're not interested in extending and they'd really like to exit, we outline the four general options that many servicers are offering in terms of home retention, options for exiting forbearance. I'd just like to flag here that these are general options. Repayment options differ by servicer. These are just to give your client a general idea of what might be available to them, but that they need to reach out to find out exactly what is available to them.

The first option you can assess by asking if they can pay back all their missed payments at once. If they're able to do this, they can make a lump-sum payment, but if they can't afford it, it's not required. This is something to really emphasize to clients, because this has been shown to be a point of anxiety and even a barrier to entering forbearance in the first part.

The next question, if this is an unavoidable option to ask, is can your client resume their payments and pay a higher amount each month? If they're able to do this, they might be eligible for a repayment plan that would increase their payment amount until the missed payments are paid off.

If this is an unaffordable option, you can move on to the next question that asks, can they resume their former payments, but can't take on additional cost at this time? If this is an option that sounds like them, they might be eligible for a deferral or a partial claim that would move their payments that they've missed to the end of their loan and essentially not increase their financial burden right now.

Then finally, if neither of the first three options work, ask them if they can resume their partial payments but can't make their full former payment. If this sounds like their situation, they might be eligible for a loan modification that would permanently decrease their payment amount. But it has a number of other adjustments involved that they would need to understand with their servicer.

Again, if they think this fourth option is best for them, it's also good to remind them that they can extend their forbearance if they have a federally backed loan, and that might be better than trying to exit right now. If you could go back to the presentation, Rachael.

Thank you. This brings us to the fourth step, which is then to take all of this information and then help the client reach out to their servicer to either request, extend, or exit. Again, we'd just like to emphasize the necessity of reaching out. This has been shown to be an intimidating step of the process, but really is key in order to secure the various reliefs that they are eligible for.

CFPB has a number of really useful resources for this step in the process that can help make the client feel prepared to have that conversation with their servicer and can make the process a lot less intimidating. We would encourage housing counselors to use those and share those as they see fit.

Something to keep in mind here is that some agencies do have deadlines for when clients can request an initial forbearance, but I'll leave that to the various agency panelists to discuss if they'd like to. Okay. I'll move on to the next slide. Thank you.

The other resource that was passed out with this presentation is a very detailed table of the different home retention exit options for clients after they exit forbearance. This is just for federally backed loans and it gives some detailed options about what is available to clients based off who secured their loan. Actually, Rachael, if you could go back to the presentation, I think it might be simpler to look at. Yes. Thank you.

As you can see, there are a lot of different options, depending on the agency that corresponds with the things that you mentioned in the flowchart. The idea is that this table should be used alongside the flowchart, starting with the flowchart, to just generally assess a client's situation, hypothesize at what an exit option could look like, and then use the information you've collected about who backs their loan to give them an idea of the specific options that might be available to them.

Something I'd like to highlight with this table is that it is not intended to screen clients, under any circumstances. It's simply intended to provide guidance. And while it was put together with input from the agencies, the processes are very complex and you should always urge your clients to reach out to find out exactly what they're eligible for from their servicers, rather than relying on any of the information in the resources we've passed out today or, honestly, on anything you find online.

The best way to know what the process will look like for your clients is for them to talk directly with their servicer. These are meant to be, hopefully, an aid to help clients have this conversation and feel more equipped to have the conversation and have the language. But, again, they're not meant to be used as a screening tool or anything like that.

With that, I will pass it back to Rachael.

Rachael

Great. Thanks so much, Nora and Mark. I think that's a super helpful and clear overview. Everyone has those handouts, as Ginger mentioned. You can download them in the presentation, and she sent them out before the presentation. I think those two tools will be super helpful for folks.

We're going to move on to a panel, but before we do that, I wanted to ask a couple more Mentimeter questions. Our next Mentimeter question is, what barriers exist to your clients receiving mortgage forbearance? We have three options here: They're unaware of their options. They lack communication with the loan servicer. Or, they believe they have to make a lump sum payment at the end of the forbearance period.

A bunch of you are responding, and this is really interesting. I think we're kind of tied between the three. Most folks are saying that their clients are unaware of the options, though. That's interesting to know. Hopefully, the flowchart that Nora went over really helps clarify options for clients and helps them decide what their best option is.

It seems like most folks have responded, so I'll move on to one more question. Where are your clients experiencing challenges with the exit-extension process? We have a few options here. Hesitant to reach out to their servicer. They are unclear about their exit or extension options. They're unclear about the actions they need to take. Or they're unaware their forbearance is expiring. This is a little different than the previous question. This is if they're already in forbearance—what their challenges with exiting or extending their forbearance is.

We have the two neck-and-neck responses so far are that they're unclear about their extension-exit options; and that they're unclear about the actions they need to take. Again, it seems like clarity and understanding are the two biggest challenges for clients. Again, I think the way Nora walked through that flowchart and walked through the different options available will be super helpful for folks.

All right. I think we have most of our responses in, but that question's still active, if people are still getting their answers in. I'm going to go back to the presentation and hand it over to Joseph, to facilitate our panelist discussion. Joseph?

Joseph — Okay. Thank you, Rachael. Hi, everybody. This is Joseph Sant with the ICF team. I'm really happy to be able to introduce our panelists and facilitate this part of the discussion, where we're going to hear from representatives of HUD and FHA, Fannie Mae, USDA, and the VA on their respective COVID-19 forbearance and relief options and similar detail.

Our panelists include: William Collins from HUD; Kerry Lonnen from Fannie Mae; Richard Kane from USDA; and Rita Falcioni from the VA. I want to welcome all of our panelists and really thank you in advance for bringing your expertise to the counselors and counseling agencies on this call.

To the counselors, I want to encourage you—I'm seeing a lot of great questions that are coming through, so please keep those questions coming by entering them in the question box in the control panel. We'll have a Q&A session that I'll facilitate as we get to the end of these presentations, based on your questions, which we'll aim to get to at about 15 to the hour.

Without further ado, we're going to hear from HUD, Fannie Mae, USDA, and VA, in that order. We have a few minutes for each of you. Let's jump right in, and I'll invite William to please take it away.

William Thank you, Joseph. I really appreciate the opportunity to speak with everybody today. HUD believes that we've really come up with a suite of

COVID-19 loss mitigation options that will greatly assist our FHA-insured borrowers that were impacted either directly or indirectly by the COVID-19 pandemic, and really provides a streamlined loss mitigation opportunity for borrowers.

When I say streamlined, we've greatly reduced the requirement that a borrower has to request loss mitigation assistance from their servicers. They really simply have to tell—for the exit portion and for our options—they simply have to tell their servicers that they have regained their income and they would like to exit their forbearance and get into one of HUD's options. It's really that simple. No more documentation like normal loss mitigation, no more applications. It's really helpful that housing counselors can help borrowers speak with their servicers and outline their current situation, whether they've regained their full income or whether they've regained their partial income, and to really see what our waterfall of options they can approved for.

As everybody's already stated, of course, there is no money that's required upfront, except for people that do have the financial resources. Like your chart previously showed, there's all three in statement options. There's a repayment plan, if you have a little extra money. Really, the core of our loss mitigation for COVID-affected borrowers is our COVID-specific waterfall. This is also only available to our borrowers who were current on their loan as of March 1, 2020, and were affected by COVID, directly or indirectly. They just have to tell their servicer either your income or you're a two-income family—one income was affected, one wasn't, whichever way it is, they just need to request that forbearance.

As soon as they've overcome the impediment to that financial problem, they have to contact their servicer. We asked our servicers to implement different ways of contacting, either electronically, through a telephone contact, or email. A lot of our servicers have put up websites specific to getting the forbearance and also exiting the forbearance, where you can contact them that way, because a lot of people are fearful of contacting the servicers on their own, and having the housing counselor on the line with them could greatly assist them.

The way our COVID-specific loss mitigation starts is our partial claim. Our COVID-19 standalone partial claim, it's essentially an interest-free loan from HUD that we pay to your servicer for the amount of the payments that you're past due, whatever that dollar amount is. It becomes a junior lien on your property. But you don't pay it back until you either sell or refinance your property, or the title of the property is transferred to someone else through a Deed-in-Lieu or something like that.

It's a great opportunity for people that don't need to come up with any money upfront. Our loss mitigation never costs the borrower anything for FHA-insured borrowers. That's really for people who have their full income back at that partial claim option.

Say your hours have been cut back at your business and you're not making that full amount, but you're really getting the majority of your income back, and that's really the second line in our waterfall is our owner-occupant loan modification. This is where the servicer has the ability to lower the interest rate, extend the term, change the terms of the loan, so that the new, modified payment is something that's affordable to the borrower.

The servicer will be able to calculate what they can do for you, and they can let the borrower know—and the housing counselor know what that resulting payment would be. The borrower needs to make the decision, can I afford that or not? If they say they can, then they can exit, get the loan modification. All of our options bring the loan completely current at one time and then they just start making their payments again.

If they say that's a little bit too much for me right now on that loan modification, standalone, I really need a lower payment. That's when they can go look at our combination of a partial claim loan modification opportunity for our borrowers. The way we can use that partial claim is the partial claim can have a principal reduction piece to it, where it can lower your principal balance, and at the same time the lender can modify the terms of your loan through the interest rate and through the term of the loan. The combination of that can lower your payment down to something that's affordable. We really think that's going to be a great option for borrowers. That's really for the people that have a pretty significant reduction of income, but enough to where you feel you're comfortable exiting the forbearance.

Really post that, we do have one for a borrower who has rented their property out. They've lived in the property for a while; they've rented the property out, but it's a non-owner-occupant loan modification piece. It wasn't listed in the prior chart. It should have been. But it's for people who have rented their property out and they have renters in the property that have been affected by COVID-19 and can’t pay their rent, so the borrowers on the loan can’t pay their mortgage payment.

This is really the only time we’ve ever allowed this to happen, for non-owner-occupants to get a loan modification, but if the renters can provide proof that they were affected by COVID-19, then that borrower is now eligible for a COVID-specific non-occupant loan modification. Really, after that, that’s our retention options that we have for people to stay in their homes.

It might be unfortunate, some people don’t fully regain it, they understand they won't get their income back, and we do have some disposition options which is a COVID-specific pre-foreclosure sale, which is our version of a short sale, where borrowers don’t have enough equity in the property to pay off the closing costs and everything, and HUD allows people to get into that. So, if you can’t for some reason have the income and financial resources to stay in your home, we do have specific COVID-related short sale opportunities and also, finally, a process for Deed-in-Lieu that could occur.

And, if for some reason all of that doesn't allow the borrower to be approved for loss mitigation, the last and final means is our normal loss mitigation opportunities are also available for these borrowers, or any borrower that was delinquent prior to March 1st of 2020. They're always eligible for our loss mitigation waterfall through the normal loss mitigation process.

That's really the synopsis of our COVID-19 loss mitigation options for borrowers.

Joseph Thank you so much, William. I think that's going to be great information for the counselors here, particularly since we know so many of the counselors are working with FHA borrowers. Thank you so much.

Next, we're going to hear from Kerry Lonnen on behalf of Fannie Mae. Kerry, please, take it away.

Kerry Thank you very much. Thanks for the opportunity to come talk through this today. I won't re-cover everything, because Fannie Mae took a really similar approach, or both the GSEs took a really similar approach that FHA and HUD did. We wanted to be able to make this process easier for our borrowers, so it's a lot of reduced eligibility. They just have to declare a hardship. They don't have to fill out all the normal borrower response packages that you typically would have to fill out to get a lot of our loss mit solutions.

This is really a simplified way—I've been impacted by COVID. They go on a forbearance. They get that very easily, especially determined by the CARES Act. What I'll talk a little bit about are some of the post-forbearance options—which again, some of these are very similar to the other entities.

Obviously, once they've been able to cure their hardship and they're back to work or whatever the issue was that they're able to resume making payments, they always have the ability to reinstate that loan. So in the event that they have that money that they've been able to set aside, or come up with money to fully cure that loan, they can fully reinstate with no further assistance needed from us or from their servicer.

If that's not an option, we have the repayment plan option, which is not real popular right now, but it gives them the ability to make a payment plus, so in the event that they can afford their current payment and a little bit more to get caught up, those options are always available to them. Those are our standard options that are available today, as well as for our COVID-impacted borrowers.

Our new product that we came out with was our payment default product. We've never had a default product previously. We had been talking about this ahead, but on the horizon—something we rolled out, which is really helpful for our borrowers. The payment deferral gives the borrower the opportunity to advance 12 months of their principal and interest payment, along with any advances in fees on their account, and that is put into a non-interest-bearing loan on the back end of their mortgage. So, if they have a total of $10,000, it goes into a non-interest-bearing bucket on our system. They don't have to pay on that. And that amount will not get paid until that loan liquidates or they transfer sale of that property.

So, it gives them the ability to bring that loan current without them having to put forth any cash at that time. We make it effective, so if they're getting it in September, typically you would be effective with your October 1st payment. We can even push it out to November 1st if they needed that additional month as a cushion. Then, they would resume making their regular payment. This option doesn't give them any type of monthly payment relief. This is for borrowers that have the ability to continue making their contractual payment but don't have the ability to bring their loan current on their own.

Then the last option we have specific to COVID is our Fannie Mae Flex Modification, which we have already, but for COVID, we have a reduced eligibility, which means typically we can't do this on investment properties and second homes. This gives those folks an opportunity to be able to use this product. They don't have to fill out a complete loss mit solicitation package. Again, they express their hardship is due to COVID, and we're able to offer them a Flex Modification, which can move their term out to 480 payments, so 40 years, also potentially reduce their interest rate. This usually gives them that flexibility of a lower payment.

Similar to HUD, these borrowers are still all eligible for any of our other standard loss mit options. In the event that any of these are not enough or don't provide the borrower enough assistance, our servicers can always come to us on what we call a non-delegated basis. They can request additional assistance and see what other options that Fannie Mae can offer that borrower to bring them to cure and be able to resume making payments.

Then lastly, we also have all of our liquidation offerings. In the event that a borrower is unable to resolve their hardship and just can't afford to stay in the home, doesn't have the ability to sell it and get out from underneath what they owe, we have our Sure Sale option as well as our Mortgage Release, also known as the Deed-in-Lieu that they can pursue those options if need be.

I think that covers it. Thank you.

Joseph Thanks very much, Kerry. I think we'll keep moving right along. I'll just note we're getting great questions. Please keep those coming. Next, we're going to hear from Richard Kane from the USDA. Thanks very much, Richard. Please take it away.

Richard Sure. Sure, and thank you very much for the invite. It's a pleasure to speak to everybody and talk about our program. You're going to hear a lot of the same themes. All the agencies in FHFA, we meet on a regular basis, and we've spent a lot of time trying to align a lot of our loss mitigation options where it makes sense and where we can, so you'll hear a lot of the same things from me that you've heard from my partners at FHA and the GSEs.

We've broken our loss mitigation options for COVID down into two tranches. The first one are marked as COVID-19 Special Relief Options. Really, the delineation is the borrower's delinquency prior to COVID. If the borrower was current prior to COVID, so they made their February payment on time, they were current as of March 1st, then they are eligible for our streamlined options which, again, like FHA, all the borrower has to do is attest that their hardship is complete, and they are ready to start making payments again. That can be a verbal attestation to the servicer. No documentation is needed; no financials or anything in that regard.

The three options that fall under that umbrella are going to be our Term Extension, which is very similar to a payment deferral; our Cap and Extend, where you're capitalizing all of your arrearage and extending the term; and then our Disaster Mortgage Recovery Advance, which is very similar to a partial claim.

On the Term Extension, again very similar to the deferral option from the GSEs. The only difference is our regulation doesn't allow for any kind of balloon at the end of the term. The servicer would need to extend that term with a modification to allow for the borrower to make regular payments to pay off that deferred amount at the end of the loan instead of having a lump sum due at maturity.

The second option is the Cap and Extend, where the servicer would capitalize all of the arrearages, all of the advances. Whatever amount the borrower would have normally paid if they weren't on a forbearance, all of that can be capitalized into the principal balance of the loan. Then the term can be extended, and the rate can be reduced in a matter to give the borrower either a flat or a reduced payment so that there's no increase to the borrower's monthly responsibilities.

Then the last option is a Disaster Mortgage Recovery Advance, where basically you're taking the entire arrearage from the forbearance with the borrower, placing it into a mortgage recovery advance, which will be a separate lien, a zero interest, zero payment lien, where USDA holds the note. That would be due and payable either upon maturity or liquidation of the first. All of those three options are designed to give the borrower either a flat or a slightly reduced payment if the hardship has been solved that the borrower experienced through COVID.

Then, we have our regular loss mitigation options, either our Loan Modification or our Combo Partial Claim and Loan Modification. These are designed to provide the borrower with true payment relief. So either the borrower needs a reduced payment, or if they were delinquent prior to COVID they would be eligible for one of these two options.

Again, these are very similar to FHA. You would be able to capitalize all of your arrearage, extend the term out to 360 or even 480 months in certain circumstances, and then provide the borrower with a partial claim of up to 30% of the UPB at time of default to reduce the borrower's interest-bearing amount, and provide the borrower with as much payment relief as possible. Those options do require full documentation. You would have to get financial documents, determine the hardship just as you would prior to COVID for any kind of a loss mitigation solution to determine eligibility for those.

Then last, similar to our other federal partners, if the borrowers determine that they are not able to cure the hardship and liquidation of the property is the best outcome, we'll certainly assist with any kind of short sale or Deed-in-Lieu to help the borrower exit the property in a graceful manner.

One of the differences between us and FHA and GSE so far, we do not have any allowances for non-owner-occupied properties on retention options. If the borrower has moved out of the property and has renters in there, they'd be eligible for a reinstatement or a repayment plan, but our modification options, either through the COVID-19 or through the traditional options, would not allow a retention mod for a non-owner-occupied property. They would only be eligible for a liquidation mod.

I think that covers everything in a nutshell.

Joseph — Thank you so much, Richard. I think we're all hearing that these approaches are very coordinated and similar, but I do think it's helpful for the counselors to hear differences between approaches and where they diverge, such as for the non-owner-occupant properties.

We'll go next to Rita Falcioni from the VA. Then, we'll have some time for some Q&A for the panelists. Let's give the floor to Rita.

Rita — Well, thank you very much for having me. I could probably just say ditto, since like it's been said, we work closely with the agencies to make sure we're all on the same page.

With the VA, probably our most noteworthy option that has come about during the COVID-19 and CARES Act is we now offer a COVID-19 Deferment. This is the first time—just like Fannie had said—this is the first time we are offering a deferment. It is the payments that could not be made would be included at or deferred until the loan is paid off, refinanced at the end of the loan.

It is a non-interest-bearing, so this option is for those borrowers who can resume payments, and they don't need a payment reduction; they just could not make up to 12 months of payments, and it could be less if they only needed the forbearance for six months. It's just that they couldn't make those payments during that time, so they're deferred to the payment in full of the loan or refinancing.

All of our loss mitigation options that we normally offer to borrowers who need assistance are also there for those affected by COVID-19—reinstatement, the repayment plan—as the others, which again, repayment plans, it's been said those are not—they haven't been utilized very much recently because of just everything that's going on. It's difficult to put someone into a repayment plan right now.

Loan modifications, we have a few different types of loan modifications that are offered to any borrowers that are in need of assistance. Our Regular Loan Modification and Streamlined Loan Modification, which the borrower is put on a trial payment plan. No financials are needed. The servicer does not have to collect any financial information; the borrower just has to make three months of payments on the new modification to show that they can make those monthly payments. That is the Streamlined Modification option.

We also have our VA Affordable Modification, which we also call VAM. That program will reduce a mortgager's payment to what they can afford, 31% of their income. They have to make sure that they can show that they can afford this. There's also an extension that can be utilized with the VA Affordable Modification that is if the investor backs out, I know we've run into problems before with Ginnie Mae, with extending the terms of a loan. That is also included with the VAM modification.

We have a couple of disaster modifications that can be utilized with the COVID-19 and for any disaster such as hurricanes, anything like that. We have our VA Disaster Modification, which is very similar to the Streamline, where the three months of trial payments are made, which reflects that the mortgager can resume that modification with those payments. Again, no financials are needed with that. And, a Disaster Extend Modification, which does also extend the terms of the loan for the number of months the borrower could not make payments up to 12 months from the date the disaster was declared.

In addition, I know the other agencies have also said if the borrowers cannot remain in their properties, if they can't resume making payments, and can no longer afford the properties, we do have the Deed-in-Lieu of foreclosure, where they can voluntarily deed the property over to VA; and also compromised sale if they are trying to sell it, but cannot cover their unpaid principal balance.

We're excited about our deferment. We're hoping that that will open up the door to allow more borrowers to remain in their properties. Again, we will continue to work closely with the other agencies and try to remain on the same page in what we're offering our borrowers, and hopefully sharing best practices and that sort of thing.

Unless there are questions that are coming up, I pretty much covered what VA has to offer.

Joseph Great. Thank you, Rita. There definitely have been questions, and I wish we could get to all of them. But I'll try to synthesize a couple of themes here for panelists.

Let's go ahead and take a couple of questions. One of the questions that has come up a few times is around exiting and maybe re-entering forbearance. Can a homeowner exit forbearance and then re-enter later if needed? If anybody wants to jump on that one?

William Yes. This is William with FHA. That's a very good question. We have had, at the National Servicing Center in Oklahoma City, I have staff that handles customer service for FHA-insured borrowers, and we've had this question a lot.

You have to be very careful with this because our COVID-19-specific loss mitigation options; it's a one-time opportunity to get these. If, after five months you think your borrowers have regained their financial resources, they think they want to exit, counsel them very closely to find out, are you sure you want to try and do this, because I've seen a lot of borrowers, their businesses will open back up, and then another spat of COVID cases will show up, and then they'll have to shut their business down for a number of months. And not to say that borrowers aren't eligible for a second loss mitigation option, because they are, because that would be our normal loss mitigation process after an initial COVID-related loss mitigation option from our [indiscernible].

I have seen it a lot where people have been in for six months, and their business has come out, and everybody's seen it where a business has to shut down for a period of time because they have another explosion of COVID cases, and you just can't go to work, and they can't remain working. Be very careful with that because our COVID options specific are for a one-time assistance. Then, after that, they would be able to regain a COVID-related forbearance if they haven't used up their full 12 months, but at the end of that, they would only be eligible for our normal loss mitigation options.

Kerry I'll tag on that. This is Kerry from Fannie Mae. We will allow a borrower to re-enter. We don't have a code on forbearance because your hardship is COVID, but we are starting to see secondary issues where borrowers have come off forbearance. Maybe they got our new payment to full product and then were furloughed again later, so now they're experiencing a secondary hardship.

While our guide currently states you can only get one payment deferral, we will look at that borrower for what we call our Non-Delegated process to see if they would qualify for a second one, or we would push them down some of our standard loss mit paths. We have been looking at those on a case-by-case basis when those secondary hardships are coming up.

Joseph All right, thank you. Rachael, I'll check with you. Do we have time for one more question here?

Rachael Ginger, Lorraine, HUD folks, should we take one more question? I also wanted to pull up this forbearance chart too on the screen while you're up here. I think this is super helpful and just a reminder about that detailed PDF table that exists as well. HUD folks, should we take another question?

Lorraine Yes. If the presenters don't mind, maybe another two or three minutes?

Kerry Yes, that's fine. This is Kerry. Is there way we can get a printout of the questions that we can follow-up after the call for anything we can't get to today?

Rachael Yes, absolutely. We'll export all the questions at the end of the webinar and make sure everyone gets responses. We'll connect with you folks on that.

Kerry Okay, thank you.

Joseph `Okay, so I'm going to be economical here with the time. We have a lot of questions about what it's like when you exit forbearance and what the exit application process is like, and what the level of documentation that is going to be needed for pursuing a partial claim, a payment deferral, a loan modification? My sense is that those are going to be possibly different, but I wanted to see what the panelists thought about that question about application process at the end of this.

Richard This is Rich with USDA. I can jump in. Again, we all try to align where we can, but I think the common theme is the borrower's—at least for USDA—what their delinquency status prior to COVID was. If they were current prior to COVID, no docs are required, just a verbal attestation from the borrower that they're ready to start making payments again. They can be evaluated for those COVID-19 special relief options. Only if the borrower needs greater payment relief or if they had a hardship prior to

COVID would we require any kind of financial or income docs to evaluate that borrower.

Kerry The same goes for Fannie Mae.

William Yes, that goes for FHA also.

Rita Yes, same here. No standard documentation would be required unless they didn't meet some of the eligibility because they were delinquent prior, or there were some other concerns.

Joseph Great. Another question here, and I think this will probably be the same answer for all of you, but for payment deferrals and partial claims, what arrears does that include? Does it include just the principal and interest that was missed, or does it also include the past due taxes and insurance?

William Well, I can say for FHA, it includes the full payment, taxes, insurance, principal, and interest. Our partial claims actually go up to 30% of the borrower's outstanding principal balance.

Rita Yes, [overlapping voices]—oh, sorry. Go ahead.

Richard I was just going to say, we're very similar. Any actual advances you can include into the partial claim, and if it's not an advance that you've made; you're just cashing out an escrow shortage, you can cash that out over 60 months. All actual advances that have been made on behalf of the borrower can be included in the partial payment, including the arrears of the payments.

Rita For the deferment, it includes the total amount of forborne payments, which includes principal, interest, taxes, and insurance.

Kerry Our payment deferral for the GSE, it includes principal and interest. It does not include taxes and insurance as in the tax and insurance portion of your payment. But it includes any advances that have been made on that loan. So if they've already paid out a portion of your taxes, and those advances exist, those can be included.

Also for us, if there are any escrow shortages as a result of that, they can be spread out over 60 months to help cushion with any type of payment shock that would result. Any other additional advances on the loan as well, whether it's fees on the loan for property creds [ph], or any other types of things that are out there, that can all be included.

Joseph Great. That answered actually a whole bunch of questions that came in, so thank you for that detail on escrow shortages. I think we'll do one more. Just for the sake of clarification, how long will COVID-19 forbearances be available? When is the last day on which you can request a COVID-19 forbearance?

Kerry For the GSEs, that is still undetermined. We are waiting for some final direction from FHFA. I will say initial thought is that upon expiration of the CARES Act, so if it does truly [ph] and will remain to expire on December 31st, the first thought is a 90-day period, but that is not confirmed at this time.

Richard For USDA, we still have a December 31st or an announcement by the president that the emergency is over as our expiration date. It's currently under advisement whether we're going to extend that or not.

Rita For VA, like Fannie, we're still waiting on an advisement. At this time, it is unsure.

William For FHA, it's the same thing for December 31st. However, because of the COVID coming and going, we're looking at an extension possibly to that date also.

Joseph Okay, well thank you. We're all watching that closely. I know there are a lot of questions around that. Appreciate that.

I think with that, Rachael, I'm going to close out the Q&A and hand it back to you.

Rachael Okay, great. Thanks. I'm just going to pull up this final Mentimeter question while Lorraine gives her closing remarks, just to get some feedback from folks. Thanks for hanging on for the last few minutes. I thought these questions were super helpful. Thanks, everyone.

Lorraine, please take it away.

Loraine Sure. Thank you very much, Rachael, and a huge thanks to all our panelists. You all provided such excellent information. We did have some questions about where the flow charts were, and the charts, and they were actually included in your handout. Please be sure to download those handouts before you leave the webinar.

Again, thank you very much, everyone. Speakers, if you would not hang up, we will go back into the host room after the conference.

Operator, you can end this training session. Good afternoon, everybody.

Moderator This concludes the conference for today. Thank you for participating. You may disconnect. One moment, please.