



Lender Letter (LL-2020-07)

May 13, 2020

To: All Fannie Mae Single-Family Servicers COVID-19 Payment Deferral

With Lender Letter [LL-2020-05, Payment Deferral](#), we announced payment deferral, a new retention workout option jointly developed with Freddie Mac at the direction of the Federal Housing Finance Agency (FHFA). That workout option was created to assist borrowers who became delinquent due to a short-term hardship that has since been resolved.

In response to the COVID-19 pandemic and servicer feedback, we are introducing COVID-19 payment deferral, a new workout option specifically designed to help borrowers impacted by a hardship related to COVID-19 return their mortgage to a current status after up to 12 months of missed payments. Designed to be simple and efficient for both servicers and borrowers, this solution is for borrowers who have completed a COVID-19 related forbearance plan, or who have a confirmed but resolved COVID-19 financial hardship. COVID-19 payment deferral was jointly developed with Freddie Mac at the direction of FHFA. COVID-19 payment deferral offers servicers:

- A solution that is simple to explain to borrowers, as the amount of their delinquency moves into a non-interest bearing balance, due and payable at maturity of the mortgage loan or earlier payoff; and all other terms of the mortgage remain unchanged.
- No trial period, resulting in fewer borrower touchpoints than required for modifications.
- An efficient automated process through Servicing Management Default Underwriter™ for evaluation and decisioning case submissions.

While COVID-19 payment deferral is similar to the recently announced payment deferral, we have made several enhancements to assist borrowers who have a COVID-19 related hardship. Key differences include:

- The borrower has experienced a financial hardship resulting from COVID-19 that impacted their ability to make their monthly mortgage loan payment, which has been resolved.
- The mortgage loan must have been current or less than 31 days delinquent as of Mar. 1, 2020, the effective date of the National Emergency declaration related to COVID-19.
- The mortgage loan must be 31 or more days delinquent but less than or equal to 360 days delinquent as of the date of evaluation.
- Certain eligibility criteria are not applicable, such as time from mortgage loan origination and rolling delinquency parameters.
- The servicer must defer the delinquent principal and interest payments (P&I) together with any allowable servicing advances paid to third parties as a result of the delinquency into the non-interest bearing balance.

This Lender Letter covers the following requirements for the COVID-19 payment deferral:

- [Determining eligibility for a COVID-19 payment deferral](#)
- [Determining eligibility for a COVID-19 payment deferral for a Texas Section 50\(a\)\(6\) loan](#)
- [Determining the COVID-19 payment deferral terms](#)
- [Completing a COVID-19 payment deferral](#)
- [Soliciting the borrower for a post-forbearance COVID-19 payment deferral](#)



- [Soliciting the borrower for a Fannie Mae Flex Modification](#)
- [Processing a COVID-19 payment deferral for an MBS mortgage loan](#)
- [Processing a COVID-19 payment deferral for a mortgage loan with mortgage insurance](#)
- [Handling fees and late charges in connection with a COVID-19 payment deferral](#)
- [Incentive fees](#)
- [Servicing fees for a COVID-19 payment deferral](#)
- [Default after completing a COVID-19 payment deferral](#)
- [Evaluation hierarchy for a borrower impacted by COVID-19](#)
- [Update to Fannie Mae Flex Modification eligibility criteria](#)
- [Reporting responsibilities and expense reimbursement for a COVID-19 payment deferral](#)

Effective: Beginning Jul. 1, 2020, servicers must evaluate borrowers for COVID-19 payment deferral in accordance with this Lender Letter for borrowers whose hardships related to COVID-19 have been resolved and who are able to continue making their full monthly contractual payment, but cannot afford full reinstatement or a repayment plan to bring their mortgage loan current.

Determining eligibility for a COVID-19 payment deferral

The servicer must not require a complete Borrower Response Package (BRP) to evaluate the borrower for a COVID-19 payment deferral if the eligibility criteria are satisfied.

In order to be eligible for a COVID-19 payment deferral, the criteria in the following table must be met.

✓	Eligibility Criteria for a COVID-19 Payment Deferral
	<p>The borrower must</p> <ul style="list-style-type: none"> ▪ be on a COVID-19 related forbearance plan, or ▪ have experienced a financial hardship resulting from COVID-19 (for example, unemployment, reduction in regular work hours, or illness of a borrower/co-borrower or dependent family member) that has impacted their ability to make their full monthly contractual payment. <p>NOTE: <i>The servicer is not required to obtain documentation of the borrower’s hardship.</i></p>
	<p>The servicer must achieve Quality Right Party Contact (QRPC) to</p> <ul style="list-style-type: none"> ▪ determine the reason for the delinquency and whether it is temporary or permanent in nature; ▪ determine whether or not the borrower has the ability to repay the mortgage debt; ▪ educate the borrower on the availability of workout options, as appropriate; and ▪ obtain a commitment from the borrower to resolve the delinquency. <p>Additionally, the servicer must confirm that the borrower</p> <ul style="list-style-type: none"> ▪ has resolved the hardship,



✓	Eligibility Criteria for a COVID-19 Payment Deferral
	<ul style="list-style-type: none"> ▪ is able to continue making the full monthly contractual payment, and ▪ is unable to reinstate the mortgage loan or afford a repayment plan to cure the delinquency. <p>NOTE: <i>If the borrower was on a COVID-19 related forbearance plan immediately preceding a COVID-19 payment deferral and the mortgage loan was previously modified pursuant to a Fannie Mae Home Affordable Modification Program (HAMP) Modification under which the borrower remains in “good standing,” then the mortgage loan will not lose good standing and the borrower will not lose any “pay for performance” incentive.</i></p>
	<p>The mortgage loan must be a conventional first lien mortgage loan, and may be a fixed-rate, a step-rate, or an ARM.</p> <p>NOTE: <i>The property securing the mortgage loan may be vacant or condemned.</i></p>
	<p>The mortgage loan must</p> <ul style="list-style-type: none"> ▪ have been current or less than 31 days delinquent as of Mar. 1, 2020, the effective date of the National Emergency declaration related to COVID-19; and ▪ be 31 or more days (one month) delinquent but less than or equal to 360 days (12 months) delinquent as of the date of evaluation. <p>NOTE: <i>If a borrower's hardship is related to COVID-19 but he or she was 31 or more days delinquent as of the effective date of the National Emergency declaration, and the servicer determines the borrower can maintain his or her full monthly contractual payment, then the servicer must submit a request for a COVID-19 payment deferral through Fannie Mae's servicing solutions system for review and obtain prior approval from Fannie Mae.</i></p>
	<p>The mortgage loan must not have previously received a COVID-19 payment deferral.</p> <p>NOTE: <i>The mortgage loan may have previously received a non-COVID-19 payment deferral.</i></p>
	<p>The mortgage loan must not be subject to</p> <ul style="list-style-type: none"> ▪ a recourse or indemnification arrangement under which Fannie Mae purchased or securitized the mortgage loan or that was imposed by Fannie Mae after the mortgage loan was purchased or securitized, ▪ an approved liquidation workout option, ▪ an active and performing repayment plan or other non-COVID-19 related forbearance plan, ▪ a current offer for another retention workout option, or ▪ an active and performing mortgage loan modification Trial Period Plan.

Determining eligibility for a COVID-19 payment deferral for a Texas Section 50(a)(6) loan

A Texas Section 50(a)(6) loan is eligible for a COVID-19 payment deferral if

- the requirements described in [Determining eligibility for a COVID-19 payment deferral](#) are satisfied, and
- the application of a COVID-19 payment deferral to the mortgage loan complies with applicable law.



If the servicer receives notice from the borrower that a COVID-19 payment deferral fails to comply with Texas Section 50(a)(6) requirements, the servicer must immediately, but no later than seven business days after receipt, take the actions listed in the following table.

✓	The servicer must...
	Inform our Legal department by submitting a <i>Non-Routine Litigation Form</i> (Form 20) and include the borrower notice in its submission.
	Collaborate with us on the appropriate response, including any cure that may be necessary, within the 60-day time frame provided by the requirements of Texas Section 50(a)(6).

Determining the COVID-19 payment deferral terms

The servicer must defer the following amounts as a non-interest bearing balance, due and payable at maturity of the mortgage loan, or earlier upon the sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing UPB:

- up to 12 months of past-due principal and interest (P&I) payments;
- out-of-pocket escrow advances paid to third parties; and
- servicing advances paid to third parties in the ordinary course of business and not retained by the servicer, if allowed by state law.

All other terms of the mortgage loan must remain unchanged.

Any existing non-interest bearing balance amount on the mortgage loan remains due and payable at maturity of the mortgage loan, or earlier upon the sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing UPB.

NOTE: *If the servicer chooses to perform an escrow analysis, any escrow account shortage that is identified at the time of the COVID-19 payment deferral must not be included in the non-interest bearing balance, and the servicer is not required to fund any existing escrow account shortage. In addition, the servicer is not required to revoke any escrow deposit account waiver.*

Completing a COVID-19 payment deferral

The servicer must complete (i.e., submit the case via Fannie Mae’s servicing solutions system) a COVID-19 payment deferral in the same month in which it determines the borrower is eligible.

The servicer is authorized to use an additional month to allow for sufficient processing time (a “processing month”) to complete a COVID-19 payment deferral. The servicer must treat all borrowers equally in applying the processing month, as evidenced by a written policy.

NOTE: *If the mortgage loan is 12 months delinquent as of the date of evaluation, the borrower must make his or her full monthly contractual payment during the processing month. In this circumstance, the servicer must complete the COVID-19 payment deferral within the processing month after receipt of the borrower’s full monthly contractual payment due during that month.*

The servicer must send the COVID-19 [payment deferral agreement](#), or equivalent, to the borrower no later than five days after the completion of the COVID-19 payment deferral.



While use of the COVID-19 payment deferral agreement is optional, it reflects the minimum level of information that the servicer must communicate and illustrates a level of specificity that complies with the requirements of the *Servicing Guide*. Also, the servicer must ensure the COVID-19 payment deferral agreement complies with applicable law.

NOTE: *If the servicer determines the borrower’s signature is required on the COVID-19 payment deferral agreement, it must receive the executed agreement prior to completing the COVID-19 payment deferral.*

The servicer’s application of a COVID-19 payment deferral to the mortgage loan must not impair our first lien position or enforceability against the borrower(s) in accordance with its terms.

The servicer must record the COVID-19 payment deferral agreement if the servicer determines that recordation is required to comply with law and ensure that the mortgage loan retains its first lien position. The servicer must obtain a title endorsement or similar title insurance product issued by a title insurance company if the COVID-19 payment deferral agreement will be recorded.

The servicer must also provide documents to the document custodian in accordance with the following table.

If the COVID-19 payment deferral agreement is...	Then the servicer must send...
not required to be signed by the borrower	a copy of the COVID-19 payment deferral agreement signed by the servicer to the document custodian within 25 days of the effective date of the COVID-19 payment deferral.
required to be signed by the borrower but not recorded	the fully executed original COVID-19 payment deferral agreement to the document custodian within 25 days of the effective date of the COVID-19 payment deferral.
required to be recorded	<ul style="list-style-type: none"> ▪ a certified copy of the fully executed COVID-19 payment deferral agreement to the document custodian within 25 days of the effective date of the COVID-19 payment deferral, and ▪ the original COVID-19 payment deferral agreement that is returned from the recorder’s office to the document custodian within 5 business days of receipt.

Soliciting the borrower for a post-forbearance COVID-19 payment deferral

If the servicer is unable to establish QRPC as described in [Determining eligibility for a COVID-19 payment deferral](#) with a borrower on a COVID-19 related forbearance plan and the borrower is otherwise eligible for a COVID-19 payment deferral, the servicer must send an offer for a COVID-19 payment deferral within 15 days after expiration of the forbearance plan.

The servicer must solicit the borrower using the [Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter](#) with the COVID-19 payment deferral agreement or the equivalent, making any appropriate changes to comply with applicable law.

While use of the [Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter](#) and COVID-19 payment deferral agreement is optional, it reflects the minimum level of information that the servicer must communicate and illustrates a level of specificity that complies with the requirements of the *Servicing Guide*.

The [Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter](#) must include language that additional forbearance may be available if the borrower's hardship is not resolved, and that a mortgage loan modification may be available if the borrower needs payment relief.

The servicer must include instruction on how to accept the offer in the COVID-19 payment deferral agreement. The servicer is authorized to consider the following as acceptance by the borrower, subject to applicable law:



- the borrower contacting the servicer directly in accordance with any acceptable outreach and communication method,
- the borrower returning an executed COVID-19 payment deferral agreement, or
- any other method evidencing the borrower's acceptance as determined by the servicer.

Soliciting the borrower for a Fannie Mae Flex Modification

If the servicer is unable to establish QRPC as described in [Determining eligibility for a COVID-19 payment deferral](#) with a borrower on a COVID-19 related forbearance plan and the borrower is ineligible for a COVID-19 payment deferral, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table in [Evaluation hierarchy for a borrower impacted by COVID-19](#) and, if eligible, the servicer must send an offer for a Fannie Mae Flex Modification within 15 days after expiration of the forbearance plan.

In addition, if a borrower is eligible for a COVID-19 payment deferral but does not respond to the COVID-19 payment deferral offer as described in [Soliciting the borrower for a post-forbearance COVID-19 payment deferral](#) by the acceptance date provided in the COVID-19 payment deferral agreement, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table in [Evaluation hierarchy for a borrower impacted by COVID-19](#) and, if eligible, solicit the borrower for a Fannie Mae Flex Modification within 15 days after the expiration of the COVID-19 payment deferral offer.

NOTE: *In either case, the servicer is authorized to continue proactive solicitation for a Fannie Mae Flex Modification at its discretion.*

The servicer must not solicit a borrower for a Fannie Mae Flex Modification if the property has a scheduled foreclosure sale date within

- 60 days of the evaluation date if the property is in a judicial state, or
- 30 days of the evaluation date if the property is in a non-judicial state.

The servicer must send the borrower the applicable [Flex Modification Solicitation Cover Letter](#) with the Flex Modification Trial Period Plan Solicitation Offer — Not Based on an Evaluation of a BRP [Evaluation Notice](#), or the equivalent, and make appropriate changes to these documents, including the applicable Frequently Asked Questions and as needed to comply with applicable law.

Processing a COVID-19 payment deferral for an MBS mortgage loan

MBS mortgage loans subject to a COVID-19 payment deferral will not be subject to automatic reclassification as described in [A1-3-06, Automatic Reclassification of MBS Mortgage Loans](#). In addition, the servicer must not make a manual reclassification request for mortgage loans subject to a COVID-19 payment deferral.

Processing a COVID-19 payment deferral for a mortgage loan with mortgage insurance

We have obtained delegation of authority on behalf of all servicers from the following mortgage insurers for payment deferral: Arch MI, Essent Guaranty, Genworth, MassHousing, MGIC, National Mortgage Insurance, Radian Guaranty, RMIC, and United Guaranty.

If we have not obtained delegation of authority from the mortgage insurer for any particular workout option, the servicer must obtain this delegation or seek individual mortgage insurer approval.



Credit bureau reporting for a COVID-19 payment deferral

The servicer must report the status of the mortgage loan to the credit bureaus in accordance with the Fair Credit Reporting Act, including as amended by the Coronavirus Aid, Relief, and Economic Security Act, for borrowers affected by the COVID-19 emergency.

Handling fees and late charges in connection with a COVID-19 payment deferral

The servicer must not charge the borrower administrative fees. It must waive all late charges, penalties, stop payment fees, or similar charges upon completing a COVID-19 payment deferral.

Incentive fees

We will provide information on the incentive fee related to a COVID-19 payment deferral at a future date.

Servicing fees for a COVID-19 payment deferral

The servicer will continue to receive the servicing fee it was receiving prior to completing the COVID-19 payment deferral after the COVID-19 payment deferral becomes effective.

Default after completing a COVID-19 payment deferral

If the borrower becomes 60 days delinquent within 6 months of the COVID-19 related payment deferral’s effective date, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table below and if eligible, offer the Flex Modification to the borrower no later than the 75th day of delinquency. The servicer is not required to

- achieve QRPC,
- receive a complete BRP from the borrower, or
- have previously solicited the borrower for a workout option.

✓	Reduced eligibility criteria when soliciting a borrower who defaulted after completing a COVID-19 payment deferral
	The mortgage loan must be a first-lien conventional mortgage loan.
	The mortgage loan must not be subject to <ul style="list-style-type: none"> ▪ a recourse or indemnification arrangement under which Fannie Mae purchased or securitized the mortgage loan or that was imposed by Fannie Mae after the mortgage loan was purchased or securitized; ▪ a current offer for another mortgage loan modification or other workout option; ▪ an approved liquidation workout option; or ▪ an active and performing repayment plan, forbearance plan, or Trial Period Plan.

The servicer must send the borrower the applicable [Flex Modification Solicitation Cover Letter](#) with the Flex Modification Trial Period Plan Solicitation Offer - Not Based on an Evaluation of a BRP [Evaluation Notice](#), or the equivalent, and make appropriate changes to these documents, including the applicable Frequently Asked Questions and as needed to comply with applicable law.



If the servicer was not collecting escrows on the existing mortgage, the borrower is not required to establish an escrow deposit account as a condition of the mortgage loan modification unless otherwise required by applicable law, or the servicer confirms that the taxes and insurance premiums have not been paid and are past due.

Evaluation hierarchy for a borrower impacted by COVID-19

Once the servicer implements COVID-19 payment deferral, it must evaluate borrowers impacted by COVID-19 for a COVID-19 payment deferral in accordance with the eligibility requirements and evaluation hierarchy described below rather than for the post-disaster forbearance mortgage loan modifications as made available in Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#). Until the servicer implements COVID-19 payment deferral, it must continue to evaluate the borrower for a post-forbearance mortgage loan modification in accordance with Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#).

If the servicer determines that the borrower is unable to resolve the delinquency through a reinstatement and cannot afford a repayment plan, the servicer must evaluate the borrower for a workout option in accordance with the evaluation hierarchy in the following table.

If the servicer...	Then the servicer must evaluate the borrower impacted by COVID-19 for...
<p>achieves QRPC with the borrower, regardless of whether the borrower was on a COVID-19 related forbearance plan</p>	<ul style="list-style-type: none"> ▪ a COVID-19 payment deferral in accordance with Determining eligibility for a COVID-19 payment deferral, and if eligible offer a COVID-19 payment deferral; unless <ul style="list-style-type: none"> ○ the servicer determines that the borrower is not capable of maintaining the current contractual monthly PITI payment, or ○ the mortgage loan is greater than 12 months delinquent; then the servicer must evaluate the borrower for ▪ a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table below, and if eligible offer a Fannie Mae Flex Modification; unless <ul style="list-style-type: none"> ○ the mortgage loan is 31 or more days delinquent as of the effective date of the National Emergency declaration related to the COVID-19 emergency, or ○ the mortgage loan is less than 90 days delinquent; then the servicer must evaluate the borrower for ▪ a Fannie Mae Flex Modification in accordance with D2-3.2-06, Fannie Mae Flex Modification, and if eligible offer a Fannie Mae Flex Modification.
<p>does not achieve QRPC with a borrower who is on a COVID-19 related forbearance plan prior to the expiration of the plan</p>	<ul style="list-style-type: none"> ▪ a COVID-19 payment deferral if the borrower is otherwise eligible in accordance with Determining eligibility for a COVID-19 payment deferral, and if eligible, solicit the borrower for a COVID-19 payment deferral in accordance with Soliciting the borrower for a post-forbearance COVID-19 payment deferral; unless <ul style="list-style-type: none"> ○ the mortgage loan is greater than 12 months delinquent; then the servicer must evaluate the borrower for ▪ a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table below, and if eligible, solicit the borrower for a Fannie Mae Flex Modification in accordance with Soliciting the borrower for a Fannie Mae Flex Modification; unless <ul style="list-style-type: none"> ○ the mortgage loan is 31 or more days delinquent as of the effective date of the National Emergency declaration related to the COVID-19 emergency; then the servicer must evaluate the borrower for



If the servicer...	Then the servicer must evaluate the borrower impacted by COVID-19 for...
	<ul style="list-style-type: none"> ▪ a Fannie Mae Flex Modification in accordance with D2-3.2-06, Fannie Mae Flex Modification; and if the mortgage loan is 90 or more days delinquent and the borrower is otherwise eligible, solicit the borrower a Fannie Mae Flex Modification in accordance with Soliciting the borrower for a Fannie Mae Flex Modification. <p>NOTE: <i>If the borrower doesn't respond to the COVID-19 payment deferral offer as described in Soliciting the borrower for a post-forbearance COVID-19 payment deferral by the acceptance date provided in the COVID-19 payment deferral agreement, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table below and, if eligible, solicit the borrower for a Fannie Mae Flex Modification in accordance with Soliciting the borrower for a Fannie Mae Flex Modification.</i></p>
<p>does not achieve QRPC with a borrower who was not on a COVID-19 related forbearance plan</p>	<ul style="list-style-type: none"> ▪ a Fannie Mae Flex Modification in accordance with D2-3.2-06, Fannie Mae Flex Modification; and if the mortgage loan is 90 or more days delinquent and the borrower is otherwise eligible, solicit the borrower a Fannie Mae Flex Modification in accordance with Soliciting the borrower for a Fannie Mae Flex Modification.

The following table provides the reduced eligibility criteria as referenced above for evaluating a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification.

✓	Reduced eligibility criteria when evaluating a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification
	The mortgage loan must be a first-lien conventional mortgage loan.
	<p>The mortgage loan must</p> <ul style="list-style-type: none"> ▪ have been current or less than 31 days delinquent as of Mar. 1, 2020, the effective date of the National Emergency declaration related to COVID-19; and ▪ be at least 90 days delinquent.
	<p>The mortgage loan must not be subject to</p> <ul style="list-style-type: none"> ▪ a recourse or indemnification arrangement under which Fannie Mae purchased or securitized the mortgage loan or that was imposed by Fannie Mae after the mortgage loan was purchased or securitized; ▪ a current offer for another mortgage loan modification or other workout option; ▪ an approved liquidation workout option; or ▪ an active and performing repayment plan, other non COVID-19 related forbearance plan, or Trial Period Plan.

NOTE: *With the exception of the reduced eligibility criteria and solicitation requirements when evaluating a borrower for a Fannie Mae Flex Modification in this Lender Letter, the servicer must otherwise refer to the requirements in the Servicing Guide for processing and completing a Fannie Mae Flex Modification.*



Update to Fannie Mae Flex Modification eligibility criteria

A COVID-19 payment deferral does not count as a mortgage loan modification when determining the number of times the mortgage loan has previously been modified for purposes of determining eligibility for a Fannie Mae Flex Modification in accordance with *Determining Eligibility for a Fannie Mae Flex Modification* in [D2-3.2-06, Fannie Mae Flex Modification](#).

Reporting responsibilities and expense reimbursement for a COVID-19 payment deferral

We will provide information on the operational requirements related to reporting a COVID-19 payment deferral as well as on the expense reimbursement process for allowable expenses related to a COVID-19 payment deferral at a future date.

Servicers who have questions about this Lender Letter should contact their Fannie Mae Account Team, Portfolio Manager, or Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643).



Appendix

PAYMENT DEFERRAL POST COVID-19 FORBEARANCE SOLICITATION COVER LETTER

[Servicer Logo]

[BORROWER 1 NAME] [BORROWER 2 NAME]

[DATE]

[ADDRESS 1]

[ADDRESS 2]

[CITY, STATE ZIP CODE]

Reference: [LOAN NUMBER]

Subject: Unable to Contact You During Your Forbearance Plan – Offer Enclosed

Dear [BORROWER NAME(S)]:

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

Can You Resume Your Regular Monthly Mortgage Payment?

You have been approved for a payment deferral. This is a solution that brings your mortgage current, prevents foreclosure, and delays repayment of the mortgage payments you missed during your forbearance plan. If your hardship has been resolved and you are able to resume making your mortgage payments following your forbearance plan, a payment deferral may be the best option to immediately bring your mortgage current. **Please refer to the enclosed payment deferral agreement for more details on this offer and how to accept it.**

Do You Need More Affordable Monthly Mortgage Payments?

If your hardship has been resolved but you are not able to continue making your mortgage payments following your forbearance plan, you may be eligible for a loan modification that could lower your monthly mortgage payment. The loan modification changes the terms of the loan and targets lowering your monthly mortgage payment by extending the loan term to 40 years from the date of the modification. If you complete a loan modification, it will bring your loan current and prevent foreclosure. Contact us if you would like to explore a loan modification.

[Use only if the borrower has been on forbearance for less than 12 months] Do You Need More Time to Resolve Your Hardship?

You may need more time to resolve your hardship before we can determine what long-term solution best works for you. If so, an extension of your forbearance plan may be available. To receive an extension, you must contact us to discuss your options.

Unable to Resolve the Delinquency or Prefer to Leave Your Home?

You may have other options to avoid foreclosure.

- A short sale: the sale of your property for a price that is less than the amount you still owe on your mortgage.
- A Mortgage Release™ (deed-in-lieu of foreclosure): the transfer of ownership of your property to us in exchange for release of some or all of the amount you still owe on your mortgage.



If you are approved for a short sale or Mortgage Release and complete the necessary steps, we will cancel your remaining mortgage debt obligation. **Cancellation of debt may have tax consequences. Please consult a tax advisor to discuss potential tax consequences.**

QUESTIONS? CONTACT US

[SERVICER'S NAME]

Phone: [8XX-XXX-XXXX]

Email Address: [SERVICER'S EMAIL]

Website: [SERVICER'S WEBSITE]

We encourage you to review the enclosed payment deferral agreement which includes instruction on how to accept the offer. Thank you for your prompt attention to this matter. We are here to help you with your mortgage.

Sincerely,

Customer Support
[SERVICER NAME]