

# COVID-19 Hardships: Seamlessly Transition After Forbearance

Reporting – Cashflow – Relief and Workout Options

Updated February 2021

# About this document

This is a resource to help you navigate the process for COVID-19 related hardships after forbearance.



**Report** the accurate default and hardship reason codes during and after COVID-19 related forbearance.



**Understand** the cashflow timeline to receive reimbursement of advanced interest for COVID-19 related forbearance, as well as how to calculate COVID-19 Payment Deferral after forbearance.



**Evaluate** a borrower for a relief option or workout option to bring the borrower current after forbearance.

# How to report a COVID-19 related forbearance

## EXAMPLE 1 March 2020

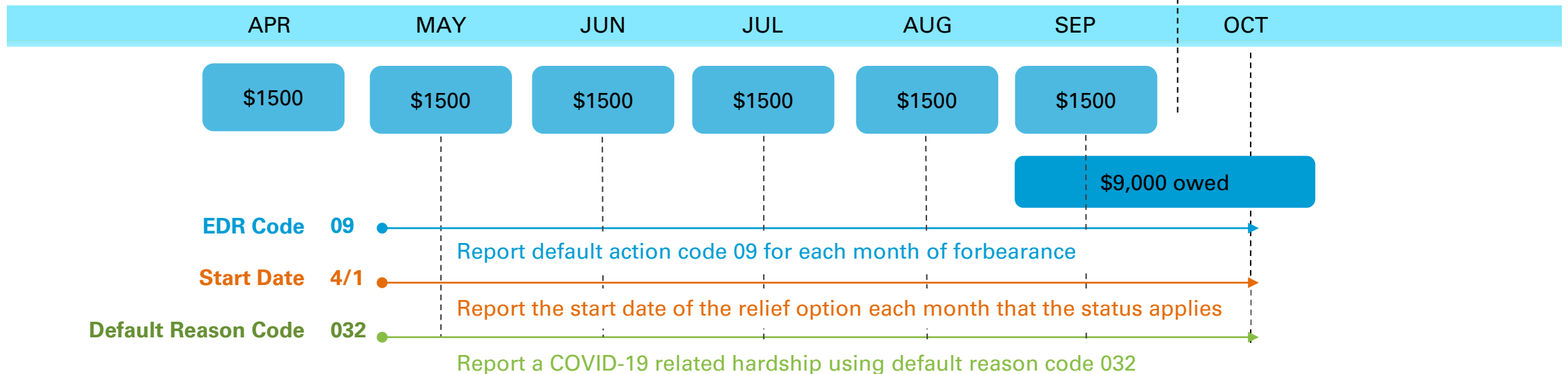
The borrower is current and their PITI is \$1,500

1<sup>st</sup> payment missed:  
Borrower confirms COVID-19 hardship and requests forbearance

Forbearance period (6 months):  
Periodic check-ins with borrower

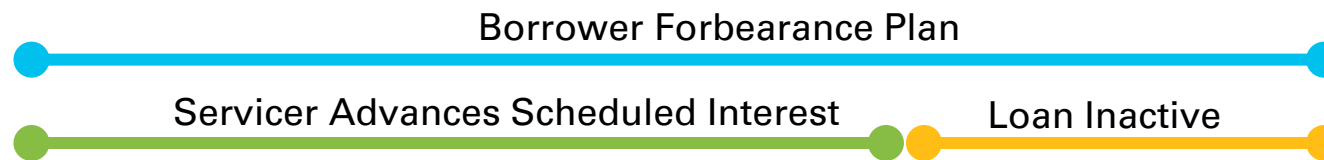
Contact the borrower to determine resolution to the delinquency

- Full Reinstatement
- Partial Reinstatement
- Repayment Plan
- COVID-19 Payment Deferral
- Flex Modification



# How you'll get reimbursed for advances

**EXAMPLE 2**  
 March Ending  
 UPB = \$250,000  
 Note Rate = 4.250%



|                 | APR                          | MAY                          | JUN                          | JUL                          | AUG                          | SEP                                | OCT                          | NOV                          |                 |
|-----------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------|-----------------|
| <b>Borrower</b> | \$1,229.85                   | \$1,229.85                   | \$1,229.85                   | \$1,229.85                   | \$1,229.85                   | \$1,229.85                         | \$1,229.85                   | \$1,229.85                   |                 |
| <b>P&amp;I</b>  | P = \$344.43<br>I = \$885.42 | P = \$345.65<br>I = \$884.20 | P = \$346.88<br>I = \$882.97 | P = \$348.11<br>I = \$881.74 | P = \$349.34<br>I = \$880.51 | P = \$350.58<br>I = \$879.27       | P = \$351.82<br>I = \$878.03 | P = \$353.06<br>I = \$876.79 | Missed payments |
| <b>Servicer</b> |                              |                              |                              |                              |                              |                                    |                              |                              |                 |
| <b>P&amp;I</b>  | P = \$344.43<br>I = \$863.28 | P = \$0<br>I = \$862.09      | P = \$0<br>I = \$862.09      | P = \$0<br>I = \$862.09      | P = \$0<br>I = \$862.09      | P = \$0<br>I = \$0                 | P = \$0<br>I = \$0           |                              |                 |
| <b>Fee</b>      | \$22.14                      | \$22.10                      | \$22.10                      | \$22.10                      | \$22.10                      | Fee reimbursed after reinstatement |                              |                              |                 |

**EXAMPLE 2**  
 When/how you'll get reimbursed for advances

| Reinstatement                                 |   | COVID-19 Payment Deferral or Modification (after settlement) |                               |
|---|---|--|-------------------------------|
| <b>6 forbore payments</b>                     | <b>Nov P&amp;I</b>                        | <b>Advance interest</b>                                      | <b>Reinstatement interest</b> |
| \$7,379.10<br>(P = \$2,092.38 I = \$5,286.72) | \$1,229.85<br>(P = \$353.06 I = \$876.79) | \$3,448.36<br>(4 x \$862.09)                                 | \$1,724.18<br>(2 x \$862.09)  |
| <b>Servicer retains</b>                       | <b>Servicing Fee</b>                      | <b>Servicing fee</b>   | <b>Servicing Fee</b>          |
| \$3,580.53                                    | \$21.92                                   | \$88.40<br>(4 x \$22.10)                                     | \$44.20<br>(2 x \$22.10)      |

# How to calculate COVID-19 Payment Deferral

## Example calculation for a COVID-19 Payment Deferral after forbearance

### Loan details (before COVID-19 payment deferral/at end of forbearance)

**UPB:** \$200,000.00  
**Interest Rate:** 4.875%  
**DDLPI:** 03/01/2020  
**Total Payment:** \$1,258.42  
**P&I Payment:** \$1,058.42  
**T&I Payment:** \$200.00  
**Late Charges Accrued:** (\$100.00)  
**Servicer Escrow Advance:** (\$400.00)  
**Servicer Advances:** (\$800.00)

### Payment deferral amortization calculation:

| Missed Payments | Principal                | Interest                 | T&I                       | UPB          |
|-----------------|--------------------------|--------------------------|---------------------------|--------------|
| Payment 1       | \$245.92                 | \$812.50                 | \$200.00                  | \$199,754.08 |
| Payment 2       | \$246.92                 | \$811.50                 | \$200.00                  | \$199,507.16 |
| Payment 3       | \$247.92                 | \$810.50                 | \$200.00                  | \$199,259.24 |
| Payment 4       | \$248.93                 | \$809.49                 | \$200.00                  | \$199,010.31 |
| Payment 5       | \$249.94                 | \$808.48                 | \$200.00                  | \$198,760.37 |
| Payment 6       | <u>\$250.96</u>          | <u>\$807.46</u>          | <u>\$200.00</u>           | \$198,509.41 |
| <b>Totals</b>   | <b><u>\$1,490.59</u></b> | <b><u>\$4,859.93</u></b> | <b><u>\$1,200.00*</u></b> |              |

### Loan details (after COVID-19 payment deferral execution)

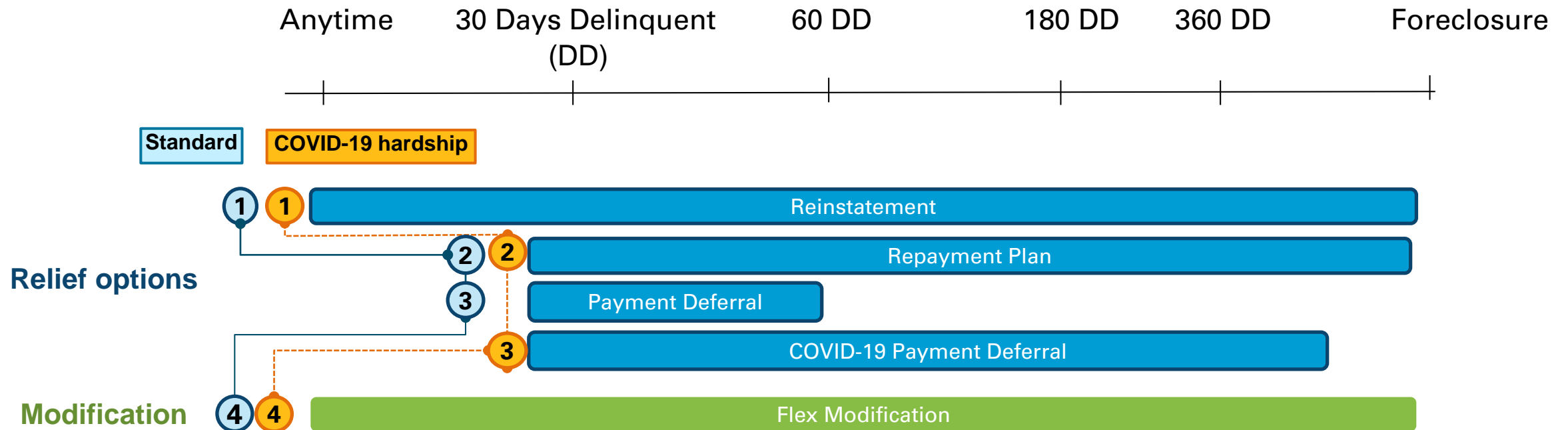
**Interest bearing UPB:** \$198,509.41  
**Non-interest bearing UPB:** \$7,550.52  
**Interest Rate:** 4.875%  
**DDLPI:** 09/01/2020  
**Next Due Payment:** 10/01/2020  
**Total Payment:** \$1,258.42  
**P&I Payment:** \$1,058.42  
**T&I Payment:** \$200.00  
**Late Charges Accrued:** (\$0)  
**Servicer Escrow Advance:** (\$0)  
**Servicer Advances:** (\$0)

| COVID-19 Payment Deferral<br>Non-interest bearing UPB |                          |
|---|--------------------------|
| Forborne Principal                                    | \$1,490.59               |
| Forborne Interest                                     | \$4,859.93               |
| Servicer Escrow Advance                               | \$400.00                 |
| Servicer Advances                                     | <u>\$800.00</u>          |
| <b>Total Payment Deferral</b>                         | <b><u>\$7,550.52</u></b> |

\* Not included in Payment Deferral calculation.

# How to evaluate a borrower after forbearance

After forbearance, a borrower must be evaluated for a workout to bring the loan current, whether it be a relief option or a modification. There are two evaluation hierarchy tracks – it depends if the hardship is related to COVID-19.



# Sustaining Homeownership: Workout Options

What are they?

## COVID-19 Relief Options

**Reinstatement:** An option to catch up on all the missed payments at once in a single lump-sum payment.

**Repayment:** An option to spread out past due amount on the mortgage over a set time frame (e.g., 3, 6, 9 or up to 12 months) and added onto the existing mortgage payments.

**COVID-19 Payment Deferral:** An option to defer up to 18 monthly delinquent amounts to create a non-interest bearing balance that will become due at the earlier of the mortgage maturity date, payoff date, or upon transfer or sale of the mortgaged premises. The hardship must be related to COVID-19.

**Flex Modification:** An option for borrowers who can no longer afford their pre-forbearance payment. It adds unpaid balances from a forbearance period to an unpaid loan balance. The payment reduction is calculated depending on the LTV.

Visit the [COVID-19 Resources web page](#)