



## COVID-19 Forbearance Script for Servicer Use with Homeowners

This script is a guide you can use in your forbearance discussions with homeowners impacted by COVID-19.

### Step 1: Determine Nature of Hardship

- Let's get started.
- Are you calling because of a problem you're having with making your monthly mortgage payments?

#### If the Homeowner answers "yes":

- Tell me about your situation and how it is affecting your financial circumstances.

**NOTE TO SERVICER:** Ask appropriate questions to elicit details about the Homeowner's situation.

- Is the financial hardship directly or indirectly related to the COVID-19 National Emergency?

#### If the Homeowner answers "yes," proceed to Step 2.

- If the Homeowner has experienced a financial hardship directly or indirectly related to the COVID-19 National Emergency (e.g., unemployment, reduction in regular work hours, or illness of a Homeowner/co-Homeowner or dependent family member), the Servicer should proceed to Step 2.
- If the Homeowner has a hardship that has impacted their ability to make their monthly mortgage payment, but the hardship is not directly or indirectly related to the COVID-19 National Emergency, the Servicer should proceed with loss mitigation script.
- If the Homeowner has no hardship, the Servicer should use customary exit language.

### Step 2: Follow this script if the Homeowner has a financial hardship related directly or indirectly to the COVID-19 National Emergency.

Thank you for sharing this information. I'm so sorry to hear about your financial hardship.

- We have mortgage assistance options to help homeowners facing a financial hardship as a result of COVID-19.

**Note to Servicer: Borrower may be eligible for the Homeowner Assistance Fund (HAF). Please discuss the following:**

- "I want to make sure you are aware there may be state and local government mortgage assistance fund programs to assist homeowners who have been impacted by COVID-19. You should contact your state or local government housing agency to review eligibility for the Homeowner Assistance Fund (HAF) or learn more about this program in the "Can the Homeowner Assistance Fund help me?" section on [www.fanniemae.com/here-help-homeowners](https://www.fanniemae.com/here-help-homeowners).

**Note to Servicer:** If possible, identify and share state and local government mortgage assistance fund programs' contact information for HAF with the Borrower.



**NOTE TO SERVICER:** Check guidelines, including lender letters to confirm whether the homeowner is eligible for a forbearance plan.

- If the Homeowner is eligible, proceed to Step 3.
- If the Homeowner is not eligible, servicer should proceed with normal loss mitigation scripting.

### Step 3: Introducing Forbearance

**Thank you sharing this information. I'm so sorry to hear about your hardship.**

- A forbearance plan is designed for homeowners who are experiencing a temporary hardship, such as a temporary reduction in income attributed to COVID-19.
- Fannie Mae — the investor of your mortgage loan—has a number of mortgage assistance options that may help you keep your home even when you are having difficulty making your monthly mortgage payment.
- Based on what you have told me about your current situation, you are eligible for a forbearance plan. Let me tell you about forbearance and please feel free to ask me any questions as we go along. Forbearance is when we allow you **to temporarily reduce your mortgage payment or suspend or pause making your mortgage payment for a period of time**. You will still be required to **pay back the missed payments eventually, but there will be no additional fees or penalties added to your account during the forbearance period**.
- Forbearance can help you deal with a temporary hardship by reducing or suspending your mortgage payment for a short period of time, for example, pausing payments for a 3- or 6-month period while you regain your financial footing.
- **Forbearance does not mean your payments are forgiven**. You will still be required to pay back the missed payments eventually, but **you won't have to repay it all at once—after your forbearance ends unless you are able to do so**.
- Does a forbearance plan seem like an option that could be helpful to you in your current situation?

**If the Homeowner answers “yes”, proceed to Step 4.**

**If the Homeowner answers “no”, ask her/him to tell you any concerns or questions they have.**

**If the Homeowner asks you to explain the available options to bring their mortgage loan current first:**

- I will explain the workout options for catching you up on your missed payments later.
- Options to bring your mortgage loan current may include:
  - paying back the total amount of the missed payments all at once (called reinstatement),
  - setting up a repayment plan that allows you to make up the missed payments over a period of time (for example, over the course of up to 12 months),
  - deferring the missed payments into a non-interest bearing balance due and payable at the end of the mortgage term, when you refinance or otherwise payoff the interest-bearing unpaid principal balance, or when you sell or transfer your home (called a COVID-19 payment deferral),
  - or permanently changing some of the terms of your mortgage loan to make monthly payments more affordable (called a loan modification).

**NOTE TO SERVICER:** Proceed with/switch to the loss mitigation script if a forbearance is not appropriate for the Homeowner.

### Step 4: Forbearance Plan Details



**NOTE TO SERVICER:** The Servicer should educate the Homeowner on the impact of longer forbearances and allow the

Homeowner to ask questions. Use the information about the Homeowner's individual hardship to inform the appropriate length of the forbearance term. You might start at a middle ground, 3 months for example, and work up or down, depending upon the needs of the Homeowner, the forbearance plan requirements, and applicable law. A sample script for this is provided below:

- The Forbearance period—which is the period of time during which your mortgage payments are reduced or paused—can vary depending on the impact of your financial hardship. You may be able to get forbearance for 3 to 6 months. You may be able to extend your forbearance period for another 3 to 6 months if your COVID-19 related hardship continues.
- Remember, you will have to pay back the missed payments following forbearance, but you don't need to pay it back all at once if you are not able to do so. The longer the forbearance period and the less you pay during the forbearance, the more money you'll owe in missed or reduced mortgage payments.

**NOTE TO SERVICER:** The objective is to come to agreement on a reasonable forbearance period depending on the needs of the Homeowner, the forbearance plan requirements, and applicable law.

- Based on your situation, are you able to make partial mortgage payments, or are you not able to make any payments at all during the forbearance period?

**If the Homeowner says, “partial payments,” ask the Homeowner what they would be able to pay.**

**If the Homeowner does not make a specific request, the Servicer may suggest:**

- It sounds like [three] months is a reasonable forbearance period based on your financial hardship.
- We will stay in touch with you during the forbearance period and can extend it if your hardship is continuing.

**NOTE TO SERVICER:** Remind the Homeowner that missed or reduced payments will have to be repaid following forbearance, even though they won't have to be repaid all at once unless the Homeowner is able to do so. Remind the Homeowner that the forbearance period can be extended in accordance with the forbearance plan requirements, if needed (for example, if their hardship is not resolved) and it can also be shortened at their request.

**Once the Homeowner agrees on the length of the forbearance period, confirm that agreement. Restate the agreed upon forbearance:**

To summarize, you have requested to:

- pause your mortgage payments for {X} months beginning [next/this] month, or
- reduce your monthly mortgage payment to {\$xxx.xx} for {X} months beginning [next/this] month
- Is that correct? Or Does this work for you?

**If the Homeowner says “no”, go back a few steps to arrive at an acceptable payment and/or term of forbearance.**

- We will send you a written agreement that summarizes the terms of your forbearance plan.

**Step 5: What happens next?**

- After this initial forbearance period of \_\_\_\_\_ months, we'll reevaluate your situation and, if you are still financially impacted by COVID-19, we may be able to extend your forbearance period, if needed.



- If your situation changes and you can resume making your monthly payments before the end of the forbearance period, let us know so that if you are able to shorten your forbearance period we can do that and reduce the amount that you will need to repay following forbearance. If you can make partial payments during the forbearance period, please do so, because it will reduce the amount you will need to repay following forbearance.
- It's really important to understand that the amount of your payment that is either reduced or suspended will still need to be repaid—but not until after the forbearance -- **and you will not have to pay it all at once if you are not able to do so.**
- During the forbearance, we will not charge penalties or late fees for any reduced or suspended payment.

**NOTE TO SERVICER:** The Servicer should check if the Homeowner pays taxes, insurance or HOA/condo fees directly instead of via escrow. If that is the case, remind the Homeowner to continue making these payments directly during the forbearance period.

- We will send you a written agreement that summarizes the terms of your forbearance plan.
- Do you have any questions?

### Step 6: Forbearance repayment

- Let's talk about what happens at the end of the forbearance.
- At the end of your forbearance plan you will have to repay the amount of reduced or paused payments, **but you are not required to do so all at once if you are not able to do so.**
- The repayment options at the end of the forbearance may include:
  - “reinstatement”, which means paying the total amount due, if you are able to do so, or
  - we can set up a repayment plan, which will let you catch up gradually while you are paying your regular monthly payment.
- If you cannot afford the increased monthly payments to catch up gradually through a repayment plan, but you can resume making your normal monthly payment, we can look at other ways of paying back the missed payments in an affordable manner, such as a “payment deferral” which moves your missed payments into a deferred balance fully due and payable at the end of the mortgage term, when you refinance or otherwise payoff your mortgage, or when you sell or transfer your home.
- If you have a long-term reduction in income resulting from the crisis, then we can look at a “loan modification,” which actually changes some of the terms of your loan.
- That's a brief summary of options that may be available after your forbearance ends.
- Additionally, we encourage you to look at the Homeowner Assistance Fund (HAF) program, which has funds available for homeowners who have been impacted by COVID-19. This program is managed by state and local government housing finance agencies, who can assist you in determining your eligibility. You can find more information in the "Can the Homeowner Assistance Fund help me?" section on [www.fanniemae.com/here-help-homeowners](https://www.fanniemae.com/here-help-homeowners).

**NOTE TO SERVICER:** If reading the URL is too cumbersome, encourage the borrower to conduct an internet search with these search terms, “Fannie Mae Here to Help.”

- Do you have any questions?

### Step 7: Closing and additional resources

Thank you for working with us to understand your situation.

- If you need additional assistance in thinking through your financial situation and budgeting, we want you to know that you can reach out to



- Fannie Mae's Disaster Response Network (DRN). The DRN has trained housing counselors who can help you at no cost. The number for the DRN is 1-877-542- 9723.
  - [The U.S. Department of Housing and Urban Development \(HUD\)](#). A HUD-approved housing counselor is an experienced, trained professional who can advise you on preventing foreclosure, buying a home, protecting your credit, and other issues.
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- In summary, here are the key points to remember about your forbearance plan:
    - You have requested and will be granted forbearance relief for X months during which time you will make [no mortgage payments] or [a reduced mortgage payment of \$XXXX.XX].
    - [If applicable] You will continue making [Insurance] [property tax] [HOA or condo fees] payments directly yourself.
    - We will send you a written agreement that summarizes the terms of your forbearance plan.
    - You may shorten the forbearance period at any time, or you may be able to extend the forbearance for an additional period if needed to resolve your financial hardship.
    - We will reach out to you about 30 days before your forbearance plan is scheduled to end to determine next steps.
    - At the end of your forbearance plan you will resume monthly mortgage payments and you will have to repay the amount of reduced or suspended payments – although not all at once if you are not able to do so.
  - Do you have any questions?
  - While you're in the forbearance period, there are a few things you can do to protect yourself:
    - Keep notes, paperwork and documentation on hand. This includes paying attention to your monthly mortgage statements so you can ensure that your statement reflects the assistance provided.
    - If you have your mortgage payment deducted automatically from your bank account, adjust or stop autopayments for your mortgage.
    - Keep an eye on your credit. It's a good idea to routinely check your credit reports.

**NOTE TO SERVICER:** Proceed with the process for finalizing the forbearance