

Forbearance Guidance - COVID - Temporary - updated 6/2/21

	Purchase	Rate Term Refinance	Cash out Refinance
Conventional	Borrowers that entered forbearance and have either reinstated their mortgage (paid it current) and are current or continued to make their mortgage payments while their loan was in forbearance will be eligible immediately. We will need to source all money used to pay the forbearance current. If the borrower has entered into a loss mitigation plan, then they are eligible for a refinance or purchase once they have made three consecutive mortgage payments (3 months have to elapse as the borrower cannot "prepay" the 3 months), either after their forbearance ends or under a repayment plan or loan modification.		
		Can payoff a 2nd mortgage that the servicer opened to tack on mortgage payments accrued during forbearance (can be a rate term refi)	
FHA	Borrowers that entered forbearance are eligible if they make all regularly scheduled mortgage payments and terminate their forbearance. If they did not make all regularly scheduled payments, then they need to make at least 3 consecutive mortgage payments after forbearance to qualify. If 3 payments have not been made, the loan is downgraded to a refer and manually underwritten.		Borrowers that entered forbearance are eligible if they make all regularly scheduled mortgage payments and terminate their forbearance. If they did not make all regularly scheduled payments, then they need to make at least 12 consecutive mortgage payments after forbearance to qualify. If 12 have not been made, the loan is downgraded to a refer and manually underwritten.
		Streamline additional requirements - Non Credit Qualifying - Must have completed the forbearance plan, made at least 3 consecutive monthly payments post-forbearance /// can subordinate Partial Claim Modifications - no Max CLTV	
USDA	Borrowers that enter forbearance are eligible if they make all regularly scheduled mortgage payments on time. If not, and a purchase, then the borrower must have emerged from forbearance and resumed repayment of their mortgage loan for at least 3 months prior to applying for a new loan. If a refinance, then loan must have closed at least 12 mos prior to the request for refinance and made at least 3 months on time and have a total 180-day period of satisfactory payments, excluding the time the loan was in forbearance.		
		Can payoff a 2nd mortgage that the servicer opened to tack on mortgage payments accrued during forbearance (can be a rate term refi)	
VA	The existing mortgage must be current	The existing loan must be current, can payoff a loan in forbearance - IRRRL or Cash out	
		Missed payments on a VA loan in forbearance cannot be counted toward the 6 month seasoning requirement. We are able to pay off the missed payments as part of an IRRRL if we have documented that the circumstances leading to the forbearance request are now resolved	

What we will Require

Conventional	* Billing statement showing last payment paid date (must show proof last payment was paid in prior month and next due this month) AND Payoff showing next payment due (Example 5/1 payment made on 5/1 and payoff shows due 6/1, Example 4/1 payment made on 4/1, 5/23 we get a payoff statement that shows due for 6/1, we know for a fact that May's payment was made before May 23 so it was current) OR * Credit update showing last paid and next payment due (Example 5/1 payment made on 5/1 and payoff shows due 6/1) OR
FHA	* Credit update showing mortgages are not in forbearance. If they are, need evidence of payment amount and date of payments during forbearance * If payments were not made on time during forbearance, need proof that last 3 payments (12 on Cash out) were made on time by getting evidence of payment amount and date of payments during forbearance * Mortgage must be out of forbearance - need CB updated stating this or letter from current mortgage holder
USDA	* Credit update showing mortgages are not in forbearance. If they are, they borrower does not qualify for a loan.
VA	* Proof last payment was made and next payment due – both need to be on time

Conventional terms defined

Reinstate	If a borrower "reinstates" their mortgage that means they have paid the full amount due and payable to get the mortgage current. They have not entered any loss mitigation plan.
Source of Funds	If a borrower reinstates their mortgage then we need to document the source of funds in accordance with eligible source of funds per the selling guide.
Loss Mitigation Plan	If a borrower enters a "loss mitigation plan" that means they have not paid the amount due and payable and have put the amount due on the end of the mortgage or entered a repayment plan that adds a portion of the payment to their monthly payment. If the borrower enters a loss mitigation plan, they have to make three consecutive monthly payments before they qualify for a conventional mortgage.