

Bulletin 20-31

Revised Forbearance Policy

Homebridge is revising our previously issued forbearance policy due to new guidance from Fannie Mae and Freddie Mac for loans in forbearance plans.

This revised policy replaces Homebridge Bulletin 20-30, issued May 19, 2020, in its entirety.

Overview

This forbearance policy:

- Applies to **all** Homebridge loan programs, including government transactions
- Applies unique requirements, by program, for the subject property and for other real estate owned
- Provides guidance for loans where a borrower has requested a forbearance repayment plan and/or a loan modification from the loan servicer

NOTE: A forbearance repayment plan is a plan where the servicer temporarily increases the monthly payments to cover overdue amounts

Forbearance Plan Policy

The policy detailed below applies to Fannie Mae, Freddie Mac, FHA, VA, and USDA transactions, as applicable, where the borrower is in a forbearance plan.

All Programs: Subject Property Lien (Loan being Refinanced) and is Current

- If the borrower is current **and** has not missed a payment, the loan is **eligible**

All Programs: Other REO OR Subordinating Second Lien and is Current

- The loan is eligible if the borrower is current **and** has never missed a payment, **and**
- Written evidence, **provided directly from the servicer**, confirming the forbearance plan has been withdrawn, closed or cancelled prior to the closing of the new subject loan required.

NOTE: Forbearance can occur when the borrower directly requests forbearance and is in a forbearance plan OR the borrower inquires about forbearance with their loan servicer and the servicer flags the inquiry. In either situation, the written documentation detailed above, **is required** from the servicer

Fannie Mae and Freddie Mac: Subject Property, Subordinating Second Lien AND Other REO NOT Current/Missed Payment AND Loan is Brought Current (Reinstatement)

- If the borrower has brought the loan current (aka reinstatement), **using their own funds**, the loan is eligible subject to:
 - The funds used to bring the loan current must be the borrower's **own funds and** must be **sourced and seasoned, and**
 - The borrower **cannot** have entered into a forbearance repayment plan or loan modification agreement, **and**

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- Proceeds from a refinance cannot be used to bring the loan current or, if cash-out to reinstate the mortgage on other REO, **and**
 - The payoff cannot include any deferred or missed payments
 - **Other REO or Subordinating Second ONLY:** Written evidence must be provided **directly from the servicer** confirming that the forbearance plan has been with withdrawn or otherwise closed out/cancelled prior to closing of our new HB loan

Fannie Mae and Freddie Mac: Subject Property AND Other REO NOT Current/Missed Payment AND Borrower in Forbearance Repayment Plan, Loan Modification, Payment Deferral, or Other Loss Mitigation Solution

The following applies to loans in a repayment plan, had a loan modification, payment deferral or any other loss mitigation solution.

- The loan is eligible if the borrower has made three (3) on-time payments per the applicable agreement
- When the above requirement is met for the existing mortgage being refinanced, the new loan amount may include the full amount required to satisfy the existing mortgage

NOTE: The borrower is only required to have made the 3 consecutive payments; completion of the applicable plan is **not** required

FHA, VA, USDA and Fannie Mae High LTV Refinance: Subject Property AND/OR Other REO Not Current/Missed Payment

- The loan is **ineligible**

The new policies are effective for new submissions and loans currently in the pipeline.

If you have any questions, please contact your Account Executive