Servicing Bulletin 2021-06
June 3, 2021

To: All CHFA Single Family Servicers

From: Liisa Koeper, Assistant Director, SFAM Default Servicing

Subject: Updates to COVID-19 Post-Forbearance Options

This Servicing Bulletin ("SB 2021-06") pertains to all Connecticut Housing Finance Authority ("CHFA") single family loans that have resolved their COVID-19 related hardship and no longer require forbearance on their monthly mortgage payments. SB 2021-06 revises Servicing Bulletin 2020-08 that was issued on December 1, 2020 and Servicing Bulletin 2020-07 that was issued on September 15, 2020.

This bulletin specifically addresses the missed past-due amounts required to bring the borrower's mortgage current (repayment of certain past-due monthly principal and interest payments, as well as missed real estate tax and insurance premium escrow payments and/or any amounts servicers may have had to advance for real estate tax or insurance premium shortages).

For all CHFA loans insured by FHA, VA or USDA, we ask that you continue to follow the respective insurer guidelines in addressing the forborne monthly payments.

For all other CHFA loans, Servicers should follow a waterfall of options: 1) a lump sum repayment; 2) a 12 to 60 month repayment plan; 3) a deferred payment plan. If the first three options are not viable the borrower should be evaluated for a traditional loan modification following CHFA's existing guidelines. The following is a more detailed description of each of the options and what is required under each.

Option 1: Reinstatement

This option is for those borrowers who have the income and/or financial resources to pay the total forbearance amount all at once. If this is not feasible, please review Option 2.

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Option 2: Repayment Plan

With a repayment plan, borrowers will have the opportunity to bring their mortgage current over a period of time making additional monthly payments along with their regular monthly mortgage payments. CHFA will permit a period of up to 60 months, making this option more viable for more borrowers. Interest will not be accrued on the amount being repaid over the repayment period. The appropriate repayment period will be at the servicer's discretion up to the 60 month maximum but not beyond the existing maturity of the loan. The repayment agreement reached between the servicer and borrower should be documented utilizing the CHFA COVID 19 Post-Forbearance Loan Modification Agreement (CHFA document # 078-Forbearance Modification Agreement LNMOD-91520F revised 11/16/2020). If this is not feasible, please review Option 3.

Option 3: Payment Deferral

If the borrower does not have the financial resources for option 1 or 2, the servicer may offer the borrower the Payment Deferral option. The Payment Deferral option allows borrowers to bring their mortgage current by delaying repayment of forbearance amounts, interest free, due and payable at the maturity of the mortgage loan or with the sale or transfer of the property, or refinancing of the mortgage loan and/or pay- off the interest-bearing unpaid principal balance. The Payment Deferral Agreement should be documented utilizing the CHFA Payment Deferral Agreement (CHFA document # 079-FNMA Payment Deferral Agree -Form PyAgree 91520-F).

For a loan to qualify for the Payment Deferral option:

- The mortgage loan must have been current or less than two months delinquent as of Mar. 1, 2020, the effective date of the National Emergency declaration related to COVID-19.
- The mortgage loan must be equal to or greater than one month delinquent but less than or equal to eighteen months delinquent as of the date of evaluation.
- The loan may receive more than one COVID-19 deferral but no more than 18 months of cumulative past due installments may be deferred.
- The borrower must self-certify that they do not have the financial means for Options 1 or 2.
- The servicer must confirm that the borrower has resolved the hardship and is able to continue making full monthly contractual payments.

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Post-Forbearance Process

Option 1: Reinstatement

Collect arrearage and submit the past due amount to CHFA via the next regularly scheduled remittance. Authorization by CHFA is not necessary.

Option 2: Repayment Plan

1. Servicer will submit the following documents to modifications@chfa.org:
   - Servicer Loan Retention Certification for Repayment Plan CHFA FORM # LRC RP.
   - Completed but not signed CHFA COVID-19 Post-Forbearance Loan Modification Agreement CHFA FORM 078.
   - A recent loan transaction history and a copy of the recorded mortgage and recorded assignment of mortgage.

2. Servicer will not be required to perform a title search or perfect the lien, but the Post-Forbearance Loan Modification Agreement will need to be recorded. Cost of the recording fee should be added to the repayment amount due.

3. CHFA will review and authorize

4. After CHFA's authorization, Servicer will have the borrowers execute two copies of the CHFA COVID-19 Post-Forbearance Loan Modification Agreement.

5. Once signed, Servicer will mail one copy to CHFA for counter signature.

6. CHFA will return a fully executed CHFA COVID-19 Post-Forbearance Loan Modification Agreement to Servicer to be recorded with the appropriate land records.

7. Servicer should not co-mingle monthly Repayment Plan payments, curtailments or pay-offs with regular P&I remittances. Servicer must remit the Repayment Plan payments to CHFA via a separate wire and send a payment ledger to liisa.koeper@chfa.org. Ledger must include CHFA loan number and amount to be credited to the loan. Ledger must match the wire amount.

8. CHFA will provide a reconciliation of outstanding Repayment Plan funds to Servicer on a monthly basis.

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Option 3: Payment Deferral

1. Servicer will submit the following documents to modifications@chfa.org.
   - Servicer Loan Retention Certification for Payment Deferral CHFA FORM # LRC PD. Please complete both tabs.
   - Completed but not signed CHFA Payment Deferral Agreement CHFA FORM 079.
   - A recent loan transaction history and a copy of the recorded mortgage and recorded assignment of mortgage.
   - System of record escrow report and any invoices to support a reimbursement of the Total Past-due Amounts ("ATBD") to be deferred. The report and invoices will support the data you enter in the *ATBD detail* tab
2. Servicer will not be required to perform a title search or perfect the lien. Deferral Agreements do not need to be recorded.
3. CHFA will review and authorize.
4. After CHFA's authorization, Servicer will have the borrowers execute two copies of the Payment Deferral Agreement.
5. Once signed, Servicer will mail one copy to CHFA for counter signature.
6. CHFA will return fully executed Payment Deferral Agreement to Servicer for record retention.
7. CHFA will wire to Servicer the dollar amount of ATBD.
8. Using ATBD, Servicer will apply the principal and interest as necessary to bring the loan current with the borrower's next scheduled payment.
9. Principal and interest payments due must be remitted to CHFA with Servicer's next scheduled remittance.
10. Servicer will use the remaining portion of the ATBD payment to satisfy escrow shortages and advances related to the forbearance period.
11. Servicer should not co-mingle Deferral curtailments or pay-offs with regular P&I remittances. Servicer must remit Deferral payments to CHFA via a separate wire and send a payment ledger to liisa.koeper@chfa.org. Ledger must include CHFA loan number and amount to be credited to the loan. Ledger must match the wire amount.
12. CHFA will provide a reconciliation of outstanding Deferral funds to Servicer on a monthly basis.

Questions regarding this Bulletin should be directed to
Liisa Koeper at (860) 571-4226; liisa.koeper@chfa.org.

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