
**Servicing Bulletin 2020-08
December 2, 2020**

To: All CHFA Single Family Servicers
From: John Chilson, Director, Portfolio Management
Subject: Updates to COVID-19 Post-Forbearance Loan Retention Options

This Servicing Bulletin (SB 2020-08) 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 2020-08 revises 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.

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 Post-Forbearance Loan Modification Agreement ([CHFA Form #078 Forbearance Modification Agreement LNMOD Rev 11-15-20](#)). 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 FNMA Payment Deferral Agreement ([CHFA Form #079 - FNMA Payment Deferral Agree - PyAgree 91520-F Rev.9-15-20](#)).

For a loan to qualify for the Payment Deferral option:

- The mortgage loan must have been current or less than 31 days delinquent as of Mar. 1, 2020, the effective date of the National Emergency declaration related to COVID-19.
- The mortgage loan must be 31 or more days delinquent but less than or equal to 360 days delinquent as of the date of evaluation.
- The borrower must self-certify that they do not have the financial means for Options 1 or 2.

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 – Forbearance Modification/Repay Certification ([CHFA Form # LRC RP 12-1-20](#)).
 - Completed but not signed CHFA Post-Forbearance Modification Agreement ([CHFA Form #078 Forbearance Modification Agreement LNMOD Rev 11-15-20](#)).
 - A recent loan transaction history and a title search. In lieu of a title search please provide a copy of the recorded mortgage and recorded assignment of mortgage.
2. CHFA will review and authorize.
3. After CHFA's authorization, Servicer will have the borrowers execute two copies of the CHFA Post-Forbearance Loan Modification Agreement.
4. Once signed, Servicer will mail them to CHFA for counter signatures.
5. CHFA will return a fully executed CHFA Post-Forbearance Loan Modification Agreement to Servicer to be recorded with the appropriate land records.

Option 3: Payment Deferral

1. Servicer will submit the following documents to modifications@chfa.org:
 - Servicer Loan Retention Certification – Payment Deferral & Certification ([CHFA Form # LRC PD 12-1-20](#)). *NOTE: Please complete both tabs on this form.*
 - Completed but not signed - CHFA FNMA Payment Deferral Agreement ([CHFA Form #079 - FNMA Payment Deferral Agree - PyAgree 91520-F Rev.9-15-20](#)).

- A recent loan transaction history and a title search. In lieu of a title search please provide 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. CHFA will review and authorize.
 3. After CHFA’s authorization, Servicer will have the borrowers execute two copies of the Payment Deferral Agreement.
 4. Once signed, Servicer will mail them to CHFA for counter signatures.
 5. CHFA will return fully executed Payment Deferral Agreement to Servicer to be recorded as necessary with the appropriate land records.
 6. CHFA will wire to Servicer the dollar amount of ATBD.
 7. Using ATBD, Servicer will apply the principal and interest as necessary to bring the loan current with the borrower’s next scheduled payment.
 8. Principal and interest payments due must be remitted to CHFA with Servicer’s next scheduled remittance.
 9. Servicer will use the remaining portion of the ATBD payment to satisfy escrow shortages and advances related to the forbearance period.

Questions regarding this Bulletin should be directed to John Chilson at (860) 571-4247; john.chilson@chfa.org or Liisa Koeper at (860) 571-4226; liisa.koeper@chfa.org.