

## **Frequently Asked Questions – ML Unemployment Special Forbearance: Temporary Program Changes and Clarifications**

1. What is a Special Forbearance?

**A Special Forbearance is a written repayment agreement between a Lender and a Borrower that contains a plan to reinstate a loan that is a minimum of three payments due and unpaid.**

2. What changes are being made to the Special Forbearance Option for Unemployed Borrowers?

**The temporarily amended Special Forbearance for Unemployed Borrowers removes the requirement that a Lender verifies that a Borrower has a good payment record and stable employment history and it extends the minimum Special Forbearance period not to exceed 12 months delinquent principal, interest, taxes, and insurance (PITI).**

3. Why is HUD making these changes?

**In recognition of the prolonged unemployment situation in this country, these changes are designed to further ease the burden on Borrowers who are struggling to make their mortgage payments and may qualify for the Unemployed Special Forbearance.**

4. How will these changes benefit FHA-insured Borrowers?

**The temporary changes to the Unemployed Special Forbearance Program will provide Borrowers with an extended period of time (a minimum of 12 months) to make reduced mortgage payments while actively seeking employment. Borrowers are reminded that at no time may the total amount of the arrearage due under a Special Forbearance Agreement exceed the equivalent of 12 months of PITI.**

5. Is this Program voluntary for FHA-Approved Lenders?

**All FHA-Approved Lenders must participate in HUD's Loss Mitigation Program, of which the Special Forbearance is a part. However, Lenders implement the various Loss Mitigation tools as they deem appropriate, according to the specific waterfall of HUD's Loss Mitigation Program, and may determine that a Borrower would not qualify for an Unemployed Special Forbearance.**

6. Is this Program temporary? If so, how long will it be in effect?

**The changes to the Unemployed Special Forbearance are temporary and will expire two years from the effective date of the Mortgagee Letter.**

7. I am unemployed and can't afford to make any mortgage payments. Can I qualify for a Special Forbearance?

**Borrowers must discuss with their Lender the terms of any Special Forbearance Agreement. Based on the financial analysis completed by the Lender, the Borrower may be eligible for reduced or partial payments during the Forbearance period. However, Borrowers are reminded that at no time may the total amount of the arrearage due under a Special Forbearance Agreement exceed the equivalent of 12 months of delinquent PITI.**

8. If I am already 12 months delinquent, can I qualify for a Special Forbearance?

**If the amount of the total arrearage due by the Borrower exceeds the equivalent of 12 months of delinquent PITI, then the Borrower does not qualify for a Special Forbearance Agreement. In this case, Lenders should review the Borrower for other Loss Mitigation Options for which the Borrower may qualify.**

**As long as the Borrower's delinquency does not exceed 12 months of PITI, the Special Forbearance Agreement can extend longer than 12 calendar months. The Program requires Borrowers to make a partial payment in order to stay in the Program. The more significant the partial payment, the longer the Borrower will be able to stay in the Program.**

9. I recently qualified for the FHA-HAMP. Can I also utilize the Special Forbearance?

**No. Since the Borrower qualified for the FHA-HAMP, this would be the Option the Lender would implement, as it brings the loan current and provides payment relief.**

10. I am underemployed, having recently found a new job but making significantly less than what I used to make. Do I qualify for the Special Forbearance?

**The temporary changes to the Unemployed Special Forbearance Program apply only to Unemployed Borrowers. Underemployed Borrowers would be reviewed for other Loss Mitigation Options under HUD's Loss Mitigation Program.**

11. Can I qualify for the Special Forbearance if I have a conventional loan?

**No. HUD's Loss Mitigation Program is only available to Borrowers with an FHA-insured loan. Borrowers with conventional loans should contact their Lender to determine whether they qualify for a similar program under Treasury's Home Affordable Modification Program.**

12. I am an unemployed Borrower currently performing under an Unemployed Special Forbearance Agreement. Can my Agreement be extended to 12 months?

**When the Unemployment Special Forbearance Mortgagee Letter becomes effective, Lenders can begin reviewing Borrowers' financial information and amend or renegotiate their Unemployed Special Forbearance Agreements.**

13. What happens if I find a job before my Unemployed Special Forbearance Agreement ends?

**Borrowers must agree to actively seek employment during the Special Forbearance Agreement and to immediately notify the Lender when the Borrower's employment status changes. If a Borrower finds employment the Special Forbearance Agreement will be terminated and the Lender will review the Borrower's new financial information to determine what Loss Mitigation Option the Borrower may qualify for to bring the loan current.**

14. What happens if I am still unemployed at the end of the 12-month Unemployed Special Forbearance period?

**Lenders are required to conduct a review at the end of the Special Forbearance period to evaluate the Borrower for all applicable Loss Mitigation Options, including the Unemployed Special Forbearance, and notify the Borrower in writing whether or not he/she qualifies for a Loss Mitigation Option.**