SPECIAL FORBEARANCE – Unemployment

The Special Forbearance is a written agreement between the Servicer and Unemployed Borrower that consist of a plan enabling the Borrower to make a partial payment during their search for employment, not to exceed 12 months delinquent Principal, Interest, Taxes, and Insurance. Ref: Mortgage Letters 2000-05, 2002-17, 2011-23, 2011-28, 2012-22, 2013-03, 2013-22 and 2013-32.

FACTS

- Borrower must be unemployed.
- Borrower must be due and unpaid for three months (61 days delinquent).
- Maximum arrearage due may not exceed 12 months arrearage Principal, Interest, Taxes and Insurance.
- Agreement must be in writing, must state previously missed mortgage payments, and provide failure options.
- Agreement must be executed by both Borrower and Servicer.

CAUSE OF DEFAULT IS UNEMPLOYMENT – ML 2013-32

As stated within Mortgagee Letter 2013-32, the Servicer's ability to extend an Unemployment Special Forbearance to a maximum of 12 months delinquent principal, interest, taxes and insurance is now permanent.

- Based on Borrower's ability to pay, a partial payment will be required. For example, an amount equal to monthly escrow requirements.
- Borrower must agree to actively seek employment during the term of the Special Forbearance.
- Borrower must immediately notify Servicer when employment status changes.
- During the month in which the Agreement expires, Servicer is required to re-review the Borrower for extended Forbearance and/or another Loss Mitigation Option.

FAILURE OPTIONS

The following bullets provide the definition of Special Forbearance Option failure. These circumstances must be listed within the written Special Forbearance Agreement.

- The Borrower abandons the property.
- The Borrower advises the Servicer that he/she will not follow through and fulfill the terms of the special forbearance agreement.
- The Borrower allows two installments to become due and unpaid without any advisement to the Servicer of any problems that rendered the Borrower unable to stay current under the terms of the forbearance.

INCENTIVE/CLAIMS

- Servicers receive $100 incentive for claims submitted within 60 days of execution date of agreement.
    - $200 incentive if Servicer is ranked in Tier 1.
- If the Borrower fails to complete payments under the Special Forbearance Agreement and foreclosure occurs, HUD will pay Note Interest Rate rather than FHA Debenture Rate from the due date of the last completely paid installment to the earliest of the following dates:
    - The date of institution of foreclosure proceedings,
    - The date of acquisition of title and possession by Deed-in-Lieu of Foreclosure,
    - The date the property was acquired by the Commissioner under a direct conveyance from the Borrower,
    - 90 Calendar Days following the date the Borrower fails to meet the requirements of the Special Forbearance Agreement, or
    - Such other date as HUD approves in writing prior to the expiration of the 90 Calendar Day period,
    - The date the Servicer sends the Borrower notice of eligibility to participate in the Preforeclosure Sale Program.

If you have any question you may contact NSC at:

National Servicing Center
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/nschome

NSC's Call Center - 1-877-622-8525

Frequently Asked Questions:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/faqnsctc