



# Advantage MPP

FHLBank Indianapolis has developed this *Advantage* Mortgage Purchase Program *COVID-19 FAQ Document* to help our members navigate MPP during the evolving coronavirus crisis. We will continue to update this document as needed. For other FHLBank Indianapolis business updates related to the coronavirus pandemic, please visit [www.fhlbi.com/COVID-19](http://www.fhlbi.com/COVID-19).

*As always, for further questions, please contact Advantage MPP at 800-274-4636.*

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## UNDERWRITING

### **Is Advantage MPP allowing temporary underwriting adjustments? (8/31/20)**

Yes. To enable our members to close loans intended for delivery to FHLBank Indianapolis, Advantage MPP is adhering to the temporary underwriting allowances for property appraisals and verification of employment as prescribed by Fannie Mae and Freddie Mac. The interim guidance bulletins provided by Fannie Mae and Freddie Mac are available at the following links.

*Fannie Mae:* [Impact on COVID-19 on Originations](#)  
[Impact of COVID-19 on Appraisals](#)

*Freddie Mac:* [Selling Guidance Related to COVID-19](#)

In the above-referenced documents, certain appraisal types for refinancing loans are allowed by Fannie Mae for loans that are presently owned by Fannie Mae, and conversely, allowed by Freddie Mac for loans that are currently owned by Freddie Mac. As a result, FHLBank Indianapolis will apply this standard for loans presently owned by Fannie Mae, Freddie Mac, or by FHLBank Indianapolis. Please follow the Fannie Mae and Freddie Mac guidance as it applies to all appraisal types, including exterior only and appraisal waivers. These temporary selling flexibilities related to COVID-19 will apply for mortgages with application dates through September 30, 2020.

### **In the case where we're processing a mortgage that does not include a full appraisal due to COVID-19, how should it be identified in LAS? (4/15/20)**

If using an alternate appraisal type due to the COVID-19 temporary allowance, select 'COVID-19 Alternate Appraisal'.

### **In the case where we're applying an appraisal waiver, what should be entered in LAS for the appraiser ID? (4/15/20)**

For the appraiser ID, please enter 'Appraisal Waiver.'

## SERVICING

### Relief for Borrowers

#### **Are there any specific servicing responsibilities for servicers during the COVID-19 crisis? (12/31/20)**

For borrowers financially impacted by the COVID-19 crisis, servicers must:

- **suspend** all foreclosure sales and evictions through December 31, 2020 (*except for properties that have been determined to be vacant or abandoned*).
- **suspend** any adverse credit reporting for borrowers under loss mitigation agreements related to COVID-19. Reporting as 'current,' per the CARES Act, is also acceptable.
- **waive** all late fees for all borrowers under loss mitigation agreements related to COVID-19.

#### **Are there any temporary payment relief options available? (5/11/20)**

Under forbearance, the servicer can agree to reduce or suspend the borrower's monthly payments for a specified period. The borrower must agree to resume his or her regular monthly payments and to repay the missed or suspended payments at a later date.

*The term of forbearance may be granted up to 90 days from the date of the first reduced or suspended payment.* Upon review of the borrower's circumstance the servicer may extend the forbearance period in 60 day increments not to exceed a total forbearance of 120 days. If the borrower will be unable to resume regular monthly payments after 210 days of forbearance, the loan should be presented to Advantage MPP for review and possible further extension.

When entering into forbearance arrangement, the servicer should identify which payments are being temporarily suspended and obtain an acknowledgment from the borrower that clearly states:

- that the suspended payments are not waived but will require payment by the borrower at a later date.
- that the borrower intends to provide additional information if needed at a later date to establish a plan for repayment of the suspended amounts.
- that any other information must be submitted within 60 days of the end of the forbearance period to determine the proper resolution.

*Because it is not yet clear how long this will last, or what the borrower's financial situation may be after the forbearance period, it is expected that the servicer will work with the borrower to review and determine reasonable repayment solutions near the end of the forbearance period.*

### **Is everyone eligible for a payment forbearance? (4/7/20)**

The forbearance of payments is intended to provide relief to borrowers who need it as a result of being financially impacted by the COVID-19 crisis. When borrowers make a claim for forbearance assistance, they should be expected to:

- explain why they are unable to make their payment.
- communicate whether the problem is temporary or permanent.
- provide details about their income, expenses, and other assets, such as cash in the bank.
- identify if they are service members with permanent change of station (PCS) orders.

When a servicer authorizes a payment forbearance, it should be made clear to the borrower that the first course to achieve reinstatement will be a repayment plan. The servicer should contact the borrower at least 30 days from the end of the forbearance period:

- to confirm the borrower's resumed income, and
- to review for a possible repay plan or other permanent resolution.

### **Do servicers have delegated authority to enter forbearance resolution agreements with borrowers? (8/31/20)**

Yes, per MPP Bulletin 06-20 issued 05/11/20 servicers do have delegated authority to enter agreements for repayment plans or modifications with borrowers. This MPP Bulletin has since been incorporated into the MPP Guide. See Appendix E of the MPP Guide for details regarding delegated authority. Forbearance resolutions that are not covered under the delegated authority must be presented to FHLBank Indianapolis for review and approval prior to implementation.

### **Is FHLBank Indianapolis accepting payment deferrals under the guidance issued by Fannie Mae and Freddie Mac? (8/31/20)**

No, payment deferrals per Fannie Mae and Freddie Mac are not acceptable. Please see Appendix E of the MPP Guide for details regarding acceptable forbearance resolutions.

### **Are servicing requirements different for FHA loans? (4/15/20)**

Yes, for FHA loans, servicers should follow all guidance provided by [FHA/HUD](#).

## [Reporting](#)

### **How should a servicer identify and report forbearance loans to Advantage MPP? (4/15/20)**

Per MPP Bulletin 04-20, Servicers should issue a report to Advantage MPP by the 3<sup>rd</sup> business day of each month to provide a list of loans for which a forbearance has been granted. The list should include:

- Loan Number
- Monthly P&I amount
- Due date of the first suspended payment under the forbearance
- Number of payments suspended under the forbearance

Servicers should email reporting documents to [defaultreporting@fhlbi.com](mailto:defaultreporting@fhlbi.com).

## Collections

### **What changes should servicers make to the standard collection process? (4/7/20)**

Per [MPP Bulletin 01-20](#), servicers must suspend negative credit reporting for loans that are on some sort of plan as a result of the COVID-19 impact. For those borrowers, servicers should also suspend other routine collection activities such as default notices, collection letters, and property inspections.

## Remittance

### **How would a payment suspension/deferral change remittance reporting? (4/7/20)**

During forbearance there should be no adjustment to the remittance process. If a payment is deferred, the remittance file submitted to the master servicer, Bank of New York Mellon, is still expected to remain true to fact based on the contractual due date. The 'Paid to Date' should only change when a P&I payment is applied or if a loan is modified. If a loan is ultimately modified, only then would we expect to see the 'Paid to Date' change without the application of payment.

For servicers remitting on an Actual/Actual format, servicers should continue their standard process for remitting funds received from borrowers. If a borrower is on a repay plan, the servicers should still remit only full P&I payments. For example, if a borrower is making 1.5 payments each month, the one total P&I amount should be paid, and the remaining half payment should be held in suspense until the outstanding portion is received for remittance as a complete full P&I payment.

For servicers remitting on a Scheduled/Scheduled format, P&I funds should continue to be remitted as scheduled.

## LINKS TO COVID-19-RELATED BULLETINS

### **Where can COVID-19-related guidance be found? (8/31/20)**

All Guidance may be found on our public website. All COVID-19-related Bulletins issued prior to 08/01/20 have been incorporated into our [MPP Guide as Appendix E](#).