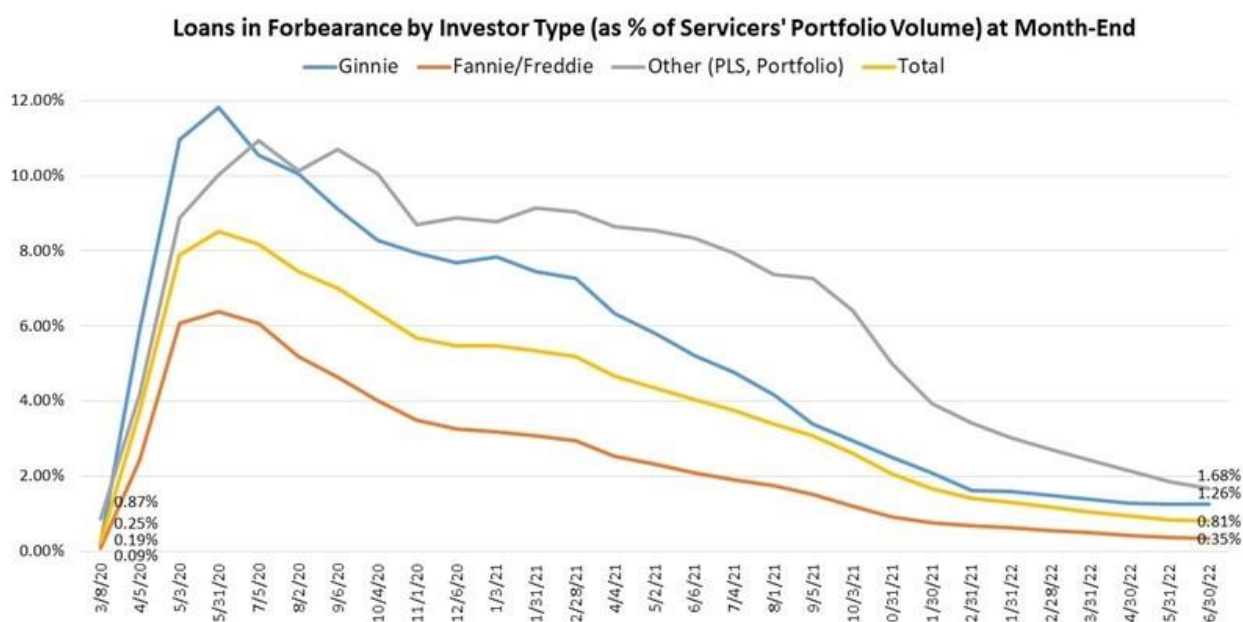


SUCCESS THROUGH PARTNERSHIP

COVID-19 RESIDENTIAL MORTGAGE FORBEARANCE AND CONSUMER ASSISTANCE

The real estate finance industry has helped 7.2 million families stay in their homes during a national economic crisis fueled by a global pandemic.

- In just the first six weeks of the pandemic, 4.3 million homeowners were moved into forbearance. At the same time, servicers were moving their own workforces remote, hiring and training new employees remotely, and building out website and mobile capacity to be able to assist the largest number of borrowers requesting assistance at the same time in U.S. history.
- Since the pandemic began, more than 7.2 million borrowers have taken advantage of forbearance opportunities offered by servicers. More than 6.8 million borrowers have exited forbearance — the vast majority under a deferral plan that postpones repayment until the borrowers sell or refinance, or through a loan modification that significantly lowered their monthly payments.
- All but 405,000 (or 94.4%) of borrowers have exited forbearance as of July 18, 2022.



This is a success story of partnership between the industry and government.

- Even before the CARES Act was enacted, MBA and member companies reached out to the federal housing agencies to: request extensions of forbearance periods; waivers of documentation requirements to make it easier and faster to assist struggling borrowers; and, clarify that lump sum payment was not required after forbearance.
- Servicers also worked closely with the GSEs, FHA, VA and the USDA to improve the options available for borrowers exiting forbearance, including expanded options to defer all missed payments until the end of the loan, and loan modification options that reduce borrower payments.

- The forbearance policies of the federal government's affordable housing programs were not just implemented quickly, they were continuously updated and refined with industry input.
- Mortgage servicers continued to adapt their operations to the evolving federal and state requirements, including working with all 50 state housing finance agencies to participate in their Housing Assistance Fund programs to help borrowers avoid foreclosure.
- Mortgage servicers worked in partnership with consumer advocacy groups, housing counseling groups, and the Consumer Financial Protection Bureau to create a consumer education campaign to inform homeowners that payment assistance may be available and to encourage struggling borrowers to reach out for assistance. Federal and state government regulators made consumer education a focus to ensure families had access to the growing number of tools and options available to them to stay in their homes.

The real estate finance industry reported weekly on its efforts to help pandemic-impacted consumers.

- MBA members representing approximately 80% of the mortgage servicing industry voluntarily reported weekly data on forbearance take up, call center performance and forbearance exits.
- MBA hosted weekly briefings for policy makers on the data. The data briefings were critical to informing policy makers about the state of the market and supporting federal housing agencies' efforts to revise and improve the forbearance and home retention options available to consumers.
- Call centers were challenged in the first few weeks of the pandemic from the initiation of forbearance on demand, but normalized quickly, and since late May 2020 has continued to improve. As of June 2022:
 - The average call wait time for a servicer (Speed to Answer) is down to under 1 minute. This is a significant decrease from the peak wait time in March 2020, which was just above 6 minutes; and,
 - The average percentage of all calls dropped from consumers is down to approximately 2.5%. The March 2020 peak was nearly 14%.
- These results show that call center performance has been sustained at a high level even today as many borrowers exit forbearance.

Homeowner assistance programs were quickly deployed, refined and are still available.

- The CARES Act provided up to 12 months of payment forbearance that allowed borrowers suffering from a COVID-related hardship the opportunity to pause their payments
- The federal housing agencies - Fannie, Freddie, FHA, VA, and USDA – expanded their programs to give more options to borrowers exiting forbearance and streamlined existing program requirements to help consumers receive a consistent experience and get back on track to making an affordable payment.
 - Most importantly, consumers were able to receive a simple, streamline loss mitigation solution without having to submit additional documentation to qualify.
 - Partial Claims/Deferral programs allowed consumers to resume their regular payments quickly after exiting forbearance while postponing repayment of missed payments until the end of the loan.
 - Like the GSEs, the FHA, VA, and USDA, with the support of Ginnie Mae, implemented a consistent target payment reduction between 20% and 25% for modification programs up to 40 years to help consumers achieve the necessary payment relief

- Congress, through the American Rescue Plan, appropriated \$10 billion for the Homeowner Assistance Fund. These funds were allocated to states to assist struggling homeowners pay past due mortgage loan payments, property insurance, taxes, HOA dues, and utility bills.
- \$47 billion was appropriated for Emergency Rental Assistance

Regulators and the real estate finance industry can collaborate to help borrowers stay in their homes.

- It is vital to continue our partnership to educate consumers on the wide variety of programs and robust funding available to help families who need assistance.
- State regulators can also advocate for the quick release American Rescue Plan funds to homeowners and the critical need to maintain the focus of these funds on homeownership retention rather than diverting or repurposing them for general fund or non-housing programs.

For those families that will not be able to stay in their homes, government and industry must work together to help them exit homeownership gracefully.

- 2022 is not 2008, and most homeowners have seen significant increases in their home equity in recent years which will help them recover quickly.
- For the small number of borrowers for whom federal and state assistance will not be sufficient to reduce loan payments to an affordable amount, selling their home may be the best solution. Housing counselors and other advocates can play an important role in helping a homeowner evaluate this option before the delinquency becomes greater than the equity.
- Extended delinquencies erode the opportunity these families have today to maximize this opportunity.

State laws that interfere with federal forbearance programs or further delay resolution of forbearance can do more harm than good.

- Regulators can play an important role in educating state legislators about how specific state bills to reinvent the foreclosure process can severely limit consumer options when they undermine and/or conflict with the policies put in place by the GSEs, FHA, VA and USDA to help consumers.
- The financing programs from the GSEs and federal guarantors are the linchpins of our national housing policy. They provide critical access to safe and affordable mortgages to low- to moderate-income borrowers and first-time homebuyers.
- They also put taxpayers at risk. Consequently, the loan servicing standards and protocols prescribed by these agencies carefully balance homeowner and lender rights and obligations.
- States that seek to implement their own servicing standards, or radically change their foreclosure process, run the risk of undermining consumer options, raising the cost of credit, or jeopardizing access to these programs.
- Bills which would create such unintended consequences should exempt loans in federally-related programs from the requirements of any of these bills.