

# FHLBank Update

## MPF® Workout Process for COVID-19 Forbearance Loans Reminder

The Mortgage Partnership Finance® (MPF) Program would like to remind Participating Financial Institutions (PFIs) and Servicers of the COVID-19 Payment Deferral Plan option for **MPF Traditional (Conventional)** loans, which was first announced on May 19, 2020. This option enables Servicers to assist eligible Borrowers who:

- Are nearing the end of a COVID-19-related forbearance plan and have resolved a temporary hardship, or have a confirmed but resolved COVID-19 financial hardship, and
- Are prepared to resume their monthly contractual payments but cannot afford either a full reinstatement or a repayment plan to bring the loan current.

Servicers must follow the Workout Hierarchy below before offering the COVID-19 Payment Deferral Plan or other repayment plan.

### Workout Hierarchy

Servicers must consider a reinstatement when, at the end of a forbearance plan, the Borrower has the ability to bring the mortgage loan current. If the Borrower does not have this ability, the following table provides guidance, and the order of evaluation, for available workout options for MPF Traditional (Conventional) loans.

Temporary Hardship	
The following table describes the Servicer's requirements if the Borrower is experiencing or has experienced a temporary hardship resulting from a short-term decrease in income or increase in expenses.	
If the hardship has...	Then the Servicer must consider a...
Been resolved and the Borrower has the ability to reinstate the mortgage loan	Reinstatement
Been resolved and the Borrower does not have the ability to reinstate the mortgage loan	Repayment Plan (See <a href="#">MPF Announcement 2020-31</a> ) and MPF Traditional Servicing Guide Section 8.5.4)
Been resolved and the Borrower does not have the ability to afford a repayment plan	COVID-19 Payment Deferral Plan (See <a href="#">MPF Announcement 2020-31</a> )
Not been resolved	Forbearance Plan (See <a href="#">MPF Announcement 2020-31</a> )
Permanent Hardship	
If the Borrower is experiencing a hardship that has resulted in a permanent or long-term decrease in income or increase in expenses, the Servicer must evaluate the Borrower for a workout option in the following order:	
<ul style="list-style-type: none"><li>▪ Temporary Loan Payment Modification Plan (MPF Traditional Servicing Guide, Chapter 9)</li><li>▪ Short Sale (MPF Traditional Servicing Guide, Section 8.6.1)</li><li>▪ Deed-in-Lieu of Foreclosure (MPF Traditional Servicing Guide, Section 8.6.2)</li></ul>	

**NOTE:** If a Borrower requests to be evaluated for a liquidation workout option, the Servicer must first evaluate the Borrower for a liquidation workout option.

**Any Servicer who has finalized a post-initial 90-day forbearance plan workout option that does not meet the requirements of Announcement 2020-31 should contact their MPF Bank immediately.**

Please refer to [MPF Announcement 2020-31](#) for additional information.

If you have any questions, please contact the FHLBank Pittsburgh MPF Program team at 800-288-3400, option 3, or [pghmpf@fhb-pgh.com](mailto:pghmpf@fhb-pgh.com).

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