

homepoint

Mortgage Options for COVID-19 Hardships

In-depth guide for understanding your options if you are facing hardship and have trouble paying your mortgage.



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Overview

The COVID-19 pandemic is an unprecedented and challenging situation for us all. It is particularly difficult for homeowners if you are experiencing a health issue or you face an uncertain future with work. We understand that these are very trying circumstances.

We will be as transparent as possible with you about your options if you are facing financial difficulty and have trouble paying your mortgage. This includes doing our best to educate you on the benefits and drawbacks of each payment alternative and its impact on your financial health.

If you're current on your mortgage, your options include:

- Refinance
- Cash-out Refinance
- Forbearance

If you're past due on your mortgage, your options include:

- Forbearance
- Payment Deferral Programs
- Short-term Repayment Plan
- Loan Modification



Overview

Payment relief options aren't perfect

Despite what you may have seen or hear in the media, none of the programs available during this time of hardship provide permanent payment forgiveness, but there are options that could help.

It is important to know that Home Point doesn't own your loan; we are the servicer on your loan. This means we are responsible for collecting your payments, managing escrow accounts for property taxes and insurance, communicating loan information, and doing what we can to ensure you can stay in your home. We want to work with you to find the best solution for your circumstance.

Please know that we are limited to offering the payment options set by the owners of your loan, which are the major mortgage investors like Fannie Mae®, Freddie Mac® or guarantors like Ginnie Mae®. If your loan was insured or guaranteed by the FHA, VA or USDA, they also have guidelines for payment options.

How to protect your credit and financial health

During this time, and we understand this may not be possible, the best thing you can do is make your mortgage payments. If you foresee upcoming hardship, please let us know so we can help you proactively manage your mortgage.

Knowing your options

This guide provides an overview so you can understand your options. We are here to work with you to educate you about the programs relevant to your loan and your financial position, and to find the best option for your circumstances.



PAYMENT OPTION 1

Refinance

Refinancing replaces your existing mortgage with a new loan to take advantage of improved loan terms.

How it works

When you refinance, you replace your existing loan with a new loan with new terms. The new terms may have a lower interest rate or other attributes that will make it preferable to your old loan. If you're interested in refinancing, you can reach out to your loan officer or call 1-866-586-0619. You can also start the process at apply.hpfc.com.

What are my options?

When you apply for your loan, you will work with your loan officer to review your options and choose the loan with the right set of terms for you.

Who is this best for?

A refinance is your best option if you have a steady source of income and can continue to make your payments but want to lower your monthly payments.

What you need to know:



A new loan application is required



There are income requirements



You must be current on your existing mortgage account

BENEFITS

- May lower your interest rate
- Changes the terms of your loan
- May change the loan type
- Normally a combination of the above will lower your monthly payment

DRAWBACKS

- Increases the time it takes to pay off your home
- Typically requires closing costs
- Could take up to three months to complete
- May lower your credit score

PAYMENT OPTION 2

Cash-out Refinance

A cash-out refinance replaces your existing loan and provides you a check at closing. The value of that check, as well as any closing costs associated with your new home loan, are added to the sum of your new home loan.

How it works

When you do a cash out refinance, you replace your existing loan with a new loan with new terms. The new terms may have a lower interest rate or have other attributes that will make it preferable to your old loan. Once approved, your new loan pays off the old one, you receive a check for the cash-out amount, and then you proceed with your new payment plan. If you want to refinance, you can reach out to your loan officer or call 1-866-586-0619. You can also start the process at apply.hpfc.com.

What are my options?

When you apply for your loan, you will work with your loan officer to review your loan options and choose the loan with the right set of terms for you.

Who is this best for?

A cash-out refinance is your best option if you have a steady source of income, have current equity in your home, and want cash to pay extra expenses or medical bills.

What you need to know:



A new loan application is required



There are income requirements



You must be current on your existing mortgage account



You must have equity in your property

BENEFITS

- Provides cash at closing that can help with unexpected expenses
- May lower your interest rate
- Changes the term of your loan
- May change the type of loan

DRAWBACKS

- May increase your monthly payment
- Increases the time it takes to pay off your home
- Typically requires closing costs
- Could take up to three months to complete
- Increases total debt which may lower your credit score

PAYMENT OPTION 3

Forbearance

Forbearance provides the ability for you to reduce your monthly payments or pay nothing at all for a specific time period.

While the total amount of missed payments becomes due at the end of the plan, we will work with you if you are unable to fully reinstate the account by making a lump sum payment.

Under a forbearance plan, you will not receive late fees, you will be reported as current, and negative credit reporting will be suppressed during the plan's term. Please note that during the term of your plan, you will continue to receive billing statements and other legally required notices.

How it works

A forbearance is an agreement that allows you to either make a reduced mortgage payment or no mortgage payment at all for a specific time period. If you are unable to pay the past due amount in full at that time, most mortgage investors have options to help. These options generally include an extension to your forbearance term, repayment plan or loan modification.

What are my options?

Home Point offers forbearance plans for 60 to 180 days at a time. If you need a longer time period to recover from your financial hardship, there is an option to continue your financial relief through a forbearance extension at the end of your initial forbearance term. Please note that the maximum term for all COVID-19 forbearance plans combined is 360 days.

Who is this best for?

Forbearance is right for people who are experiencing a short-term financial hardship that has impacted their ability to make the monthly mortgage payment.

What you need to know:



You will be reported as current and there is no negative credit reporting during the forbearance period



No late fees



The terms of your mortgage do not change



Your account must not be in foreclosure or bankruptcy



When the forbearance plan is over, all missed payments will be due in full or you will need to work with Home Point to obtain a repayment plan or other relief option

BENEFITS

- Offers instant, temporary payment relief
- No late fees
- No negative credit reporting during the forbearance period

DRAWBACKS

- Forbearance is not forgiveness, therefore you must either work with Home Point to identify other relief options or make up all missed payments at the end of the forbearance period

PAYMENT OPTION 4

Payment Deferral Programs

Deferrals or other similar programs are for borrowers who have resolved a temporary hardship and resumed their monthly contractual payments but cannot afford either a full reinstatement or repayment plan to bring the loan current.

A deferral will take your past due principal and interest payments and bundle them into a non-interest-bearing account and make them due whenever you pay off the loan. Similar programs will extend your loan term for the number of payments that are owed. The plans are typically available may require you to be no more than two months past due on your mortgage.

What you need to know:

Investors decide whether to offer these programs. Fannie Mae® and Freddie Mac® have both announced payment deferment programs that will be available in the near future. Each program has their own requirements, and neither are available prior to July 1, 2020. Other investors may offer similar types of programs in response to the COVID-19 situation, so your options may change over time.

What are my options?

The availability of this option, and similar ones, depends on your loan type. If you don't know your loan type, you can contact us via phone at 1-844-576-5333, and we will provide that information and more on what options might be available.



PAYMENT OPTION 5

Short-term Repayment Plan

A repayment plan is an agreement that enables you to temporarily pay a higher monthly mortgage payment to catch up on past due payments over a short time period.

How it works

You must contact a Home Point payment specialist to request a short-term repayment plan. Home Point will conduct an affordability determination to determine your ability to repay the missed payments. Once that review is complete, you will be sent a repayment plan agreement, which allows you to “catch up” by paying a little bit extra each month if you have fallen behind. You do not need to submit additional financial information.

What are my options?

Home Point offers up to six months for a short-term repayment plan.

Who is this best for?

This is best if you are not behind more than three payments and can temporarily make higher payments to catch up.

What you need to know:



You must be behind on your mortgage payments



We will conduct an affordability determination



Amount of payment cannot exceed 150% of your current mortgage payment



Must become current within six months

BENEFITS

- Spreads the amount owed across an extended time period
- Helps to establish a path to become current
- Your credit score will continue to improve as you make more payments throughout the plan

DRAWBACKS

- Higher monthly payments
- Your past due status will be reported to the credit reporting agencies during the plan
- Only available if you can become current in six months or less
- Total payment cannot exceed 150% of your current monthly payments

PAYMENT OPTION 6

Loan Modification

(Streamlined/No Application)

A loan modification with either streamlined or no documentation offers you the ability to modify the terms of your original agreement to make it more affordable and to avoid foreclosure.

How it works

You must speak with a payment specialist to request a loan modification. Depending on your situation, you may not need to submit financial information to qualify. If approved, Home Point will modify the terms of the loan to bring the account back to current status.

What are my options?

Your loan modification plan is determined by the investor of your loan.

Who is this best for?

A loan modification is a good option if your hardship has ended and you can make modified monthly payments.

What you need to know:



You must be past due on your mortgage payments to qualify



Your loan must be at least twelve months old



Your loan term may be extended up to forty years

BENEFITS

- May help reduce monthly payments
- Helps restore loan to current status
- Quick and minimal documentation required

DRAWBACKS

- May extend the time it takes to pay off your mortgage
- The unpaid principal balance of your loan will increase due to the capitalization of the unpaid past due amounts
- Terms are dictated by the investor

PAYMENT OPTION 7

Standard Loan Modification

(Complete Application)

A standard loan modification is best if you are past due on your mortgage payments and do not qualify for a streamlined or no application loan modification. This option offers the ability to modify the terms of your original agreement to potentially make it more affordable and to avoid foreclosure.

How it works

You must submit a complete mortgage assistance application to apply. If you are approved, Home Point will modify the terms of the loan to bring the account back to current status.

What are my options?

Your loan modification plan is determined by the investor of your loan.

Who is this best for?

A standard loan modification is best if you are past due on your mortgage and do not qualify for a streamlined or no application loan modification. In order to qualify, you must demonstrate your hardship has ended and you can afford a modified monthly payment.

What you need to know:



You must submit a complete mortgage assistance application



You must be past due on your mortgage payments to qualify



Your loan must be at least twelve months old



Your loan term may be extended up to forty years

BENEFITS

- May reduce monthly payment
- Restores credit reporting to current

DRAWBACKS

- May extend the time it takes to pay off your mortgage
- The unpaid principal balance of your loan will increase due to the capitalization of the unpaid past due amounts
- Terms are dictated by the investor

Getting started

If you are facing financial hardship because of COVID-19 and would like to talk through your options, please give us a call at 1-800-686-2404. One of our payment specialists will work with you to advise you on your options. Demand for relief is high, so you may experience longer than average wait times.

If you are ready to get started, contact us:

To refinance or get a cash-out refinance

- If you're interested in refinancing, you can reach out to your loan officer or call 1-866-586-0619. You can also start the process at apply.hpfc.com.

To set up forbearance

- Log into your loan account at my.hpfc.com and click the "Impacted by COVID-19?" button under your property. You will be asked to fill out a short form.
- You may also call us at 1-800-686-2404 to set up your forbearance.

If your account is already delinquent, please contact a payment specialist at 1-800-686-2404.



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NMLS: 7706