

Example #1

SAMPLE REPAYMENT PLAN (FORMAL FORBEARANCE AGREEMENT)
HUD APPROVAL NOT REQUIRED

Mr. & Mrs. John Doe
123 S. Main Street
Topeka, KS 12345

Re: Forbearance Agreement

FHA Case No. _____

Your account is presently due for the months of _____ to _____, 19___. The arrearage totals \$_____ which includes late charges and any credit for partial payments made.

The indebtedness in the captioned case is in default and, in consideration of (Name of Mortgagee) extending forbearance for a period of time, it is necessary that you indicate, by signing this letter of agreement, your acceptance of the following conditions:

- (1) Beginning on the _____ day of _____ 19__, you will remit a monthly payment of \$ _____ for a period of _____ months.*
- (2) On _____, it is agreed that you will resume the regular monthly payments required under your note and security instrument. You will remit your regular payments for a period of _____ months.**
- (3) On _____, it is agreed that you shall add an additional sum of \$ _____ to your regular payments for a period of _____ months. ***
- (4) The debt, if not sooner paid, shall be due and payable on the first day of _____, 19___. ****

All of the provisions of the note and security instrument, except as herein provided, shall remain in full force and effect. Upon the breach of any provision of this agreement, (Name of Mortgagee) may terminate this agreement and, at the option of (Name of Mortgagee) institute foreclosure proceedings according to the terms of the note and security instrument without regard to this instrument.

Please execute the original and first copy of this agreement and return them immediately.

Very truly yours,

(Name of Mortgagee)

By: _____

Accepted and agreed _____ day or _____, 19____:

Borrower

Co-Borrower

* Optional: mortgagee may suspend or allow mortgagor to make reduced payments for a designated period of time.

** Optional: mortgagee may allow mortgagor to make only his regular payments for a designated period of time.

*** Required: mortgagee must identify the period of time the mortgagor will be expected to make increased payments and the amount of these payments.

****Required:mortgagee must specify when the arrearage must be paid-in-full.

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Example #2

SAMPLE SPECIAL FORBEARANCE AGREEMENT
PURSUANT TO 24 CFR 203.614(a)
(HUD APPROVAL REQUIRED)

Mr. & Mrs. John Doe
123 S. Main Street
Topeka, KS 12345

Re: Special Forbearance Agreement

FHA Case No. _____

Your account is presently due for the months of _____ to _____, 19____. The arrearage totals \$_____ which includes late charges and any credit for partial payments made.

The indebtedness in the captioned case is in default and, in consideration of (Name of Mortgagee) extending forbearance for a period of time, it is necessary that you indicate, by signing this letter of agreement, your acceptance of the following conditions:

(1)For the purpose of this agreement, (Name of Mortgagee) considers the payments due from _____ to _____ 19____, that remain due and unpaid to be suspended. or;

Beginning on the _____ day of _____ 19____, you will remit a monthly payment of \$ _____ for a period of _____ months.*

(2)On _____, it is agreed that you will resume the regular monthly payments required under your note and security instrument. You will remit your regular payments for a period of _____ months.**

(3)On _____, it is agreed that you shall add an additional sum of \$_____ to your regular payments for a period of _____ months. ***

(4)You will resume the regular monthly payments required under your note and security instrument upon payment in full of your arrearage. The debt, if not sooner paid, shall be due and payable on the first day of _____, 19____.****

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All of the provisions of the note and security instrument, except as herein provided, shall remain in full force and effect. Upon the breach of any provision of this agreement, (Name of Mortgagee) may terminate this agreement and, at the option of (Name of Mortgagee) institute foreclosure proceedings according to the terms of the note and security instrument without regard to this instrument.

Please execute the original and first copy of this agreement and return them immediately.

Very truly yours,

(Name of Mortgagee)

By: _____

Accepted and agreed _____ day or _____, 19____:

Borrower

Co-Borrower

* Optional: mortgagee may provide for the suspension of payments or allow mortgagor to make reduced payments for a designated period of time; or,

** Optional: mortgagee may allow mortgagor to make only his regular payments for a designated period of time.

***Required:mortgagee must identify the period of time the mortgagor will be expected to make increased payments and the amount of these payments.

****Required:mortgagee must specify when the arrearage must be paid-in-full. The repayment plan must provide for the repayment of the arrearage prior to the maturity date of the mortgage, or on or before a date subsequent to the maturity date which is approved by HUD.

NOTE:Short term repayment plans that immediately require the mortgagor to make increased payments are not special forbearance agreements. Special forbearance agreements must afford the mortgagor some additional relief.

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Example #3

SAMPLE SPECIAL FORBEARANCE AGREEMENT
PURSUANT TO 24 CFR 203.614(b)
(HUD APPROVAL NOT REQUIRED)

Mr. & Mrs. John Doe
123 S. Main Street
Topeka, KS 12345

Re: Special Forbearance Agreement

FHA Case No. _____

Your account is presently due for the months of _____ to _____, 19___. The arrearage totals \$_____ which includes late charges and any credit for partial payments made.

The indebtedness in the captioned case is in default and, in consideration of (Name of Mortgagee) extending forbearance for a period of time, it is necessary that you indicate, by signing this letter of agreement, your acceptance of the following conditions:

(1)For the purpose of this agreement, (Name of Mortgagee) considers the payments due from _____ to _____ 19___, that remain due and unpaid to be suspended. or;

Beginning on the _____ day of _____ 19___, you will remit a monthly payment of \$_____ for a period of _____ months.*

(2)On _____, it is agreed that you will resume the regular monthly payments required under your note and security instrument. **

(3)Beginning on _____, 19___, payments in the amount of \$_____ will be required for _____ months.***

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All of the provisions of the note and security instrument, except as herein provided, shall remain in full force and effect. Upon the breach of any provision of this agreement, (Name of Mortgagee) may terminate this agreement and, at the option of (Name of Mortgagee) institute foreclosure proceedings according to the terms of the note and security instrument without regard to this instrument.

Please execute the original and first copy of this agreement and return them immediately.

Very truly yours,

(Name of Mortgagee)

By: _____

Accepted and agreed _____ day or _____, 19___:

Borrower

Co-Borrower

* Required: mortgagee must provide for the reduction or suspension of payments for a period not to exceed 18 months or recognize that payments have already been suspended or reduced for a period not to exceed 18 months.

** Required: mortgagee must provide for the resumption of regular mortgage payments after the expiration of the period of reduced or suspended payments.

***Required:mortgagee must provide for the repayment of the total unpaid amount accruing prior to and during the period of reduced or

suspended payments. Repayment of the arrearage shall begin after the original maturity date of the mortgage and will extend beyond the original maturity date for a period not to exceed the period of forbearance.

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APPENDIX 24(A)

REDUCTION OF MORTGAGE INTEREST RATE PROVIDED BY THE SOLDIERS' AND
SAILORS' CIVIL RELIEF ACT OF 1940

The Soldiers' and Sailors' Civil Relief Act of 1940 (the Act) provides for mortgage interest rate reduction on existing mortgages to six percent for the period of active duty unless, in the opinion of the court, the ability to pay is not materially affected by reason of such service. Interest is defined to include service charges, fees, or any other charges except bona-fide insurance.

A.Revision of Monthly Payments.

1.If the mortgagee is notified of a call to active military duty by the mortgagor or a representative, the mortgagee must:

Respond to inquiries as to the amount of the monthly installment payment which would be required at the six percent rate as defined in the Act;

Provide revised payment cards or coupon books when appropriate;

Ensure that payments in the amount allowable under the Act are not inappropriately returned to borrowers as insufficient.

2.If the mortgagor does not notify the mortgagee of a call to active duty, but the mortgagee receives a reduced payment during a time of a military call-up which indicates a possible effort to reduce the interest rate to six percent, the mortgagee is expected to:

Contact the mortgagor or a representative of the mortgagor to determine whether the reduced payment was sent because the mortgagor was called to active military service;

If no appropriate explanation is provided, the mortgagee may return the insufficient payment if

the action is in compliance with the partial payment regulation (24 CFR 203.556).

3. Since mortgagees are only required to reduce the interest rate to six percent for the period of active duty, they may calculate the beginning and ending months at six percent on a per diem basis for the dates of actual service with the remainder of those months calculated at the Note rate of interest. However, mortgagees may choose instead to permit the lower interest rate for the whole month at the beginning and end of active duty.

B. Revised Payments on Section 235 Mortgages. Section 235 assistance may be affected by the interest rate reduction. When income recertification requests are received from mortgagors who are affected by the Act, they must be processed expeditiously. On all accounts receiving assistance where the Note rate of interest exceeds six percent, the assistance must be reanalyzed using the full mortgage payment at six percent interest when determining the assistance.

For some accounts, the interest rate reduction will cause the suspension of assistance for the term of active military duty. Whenever an interest rate reduction is performed for retroactive effect and the Section 235 assistance is reduced, any overbilled subsidy must be returned to the Department by refund or adjustment to the next Section 235 monthly billing. When active duty terminates and the Note rate resumes, the assistance must be recalculated and assistance restored in accordance with the usual procedures.

C. Factor Tables for Calculating Formula II Subsidy. At the end of this appendix are three factor tables at the six percent contract rate for use in calculating the Formula II subsidy. For Section 235 mortgages closed August 9, 1968 through January 4, 1976, use the factor table reflecting the subsidy rate of 1.00 percent; for mortgages closed between January 5, 1976 through March 6, 1978, use the factor table reflecting the 5.00 percent subsidy rate; and for mortgages closed

from March 7, 1978 to present, use the factor table reflecting a subsidy rate of 4.00 percent. (This information is outlined in

NOTE:A reminder that for Section 235 Revised Recapture 10 mortgages, effective January 1, 1985, the Formula I calculation changed to 28 percent of the mortgagor's adjusted monthly income.

D.Claims for Insurance Benefits on Mortgages Affected by the Act.

On conveyance claims, delays in foreclosure caused by the Act will not cause a debenture interest curtailment. The Department will pay the applicable debenture interest rate from the date of default to the date the claim is paid unless interest is curtailed pursuant to 24 CFR 203.402(k).

On assignment claims, the Note rate interest will be paid for the period of default not within the period of active duty. Pursuant to Section 203.353(b), when the Note rate has been reduced to six percent in accord with the Act, the claim for insurance benefits must be reduced to reflect interest accruals at the lower rate for the period of active duty.

APPROXIMATE CLOSING DATES: 8/9/68-1/4/76

CONTRACT RATE 6.00%
SUBSIDY RATE 1.00%
PREMIUM RATE .50%

SECTION 235 FACTOR TABLES*

PURSUANT TO THE SOLDIERS' AND SAILORS'

CIVIL RELIEF ACT

MORTGAGE TERM (YEARS)	AMORTIZATION YEAR									
	FORMULA TWO									
	1ST	2ND	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH
10	2.7424	2.7101	2.6759	2.6395	2.6009	2.5598	2.5163	2.4701	2.4210	2.3689
15	2.8587	2.8405	2.8212	2.8007	2.7789	2.7559	2.7313	2.7053	2.6777	2.6483
20	2.9816	2.9701	2.9580	2.9450	2.9313	2.9168	2.9013	2.8849	2.8674	2.8489
25	3.0933	3.0856	3.0775	3.0689	3.0597	3.0500	3.0396	3.0287	3.0170	3.0046
30	3.1943	3.1891	3.1834	3.1775	3.1712	3.1645	3.1573	3.1498	3.1417	3.1332
35	3.2950	3.2913	3.2873	3.2830	3.2786	3.2738	3.2687	3.2634	3.2577	3.2516
40	3.3955	3.3928	3.3899	3.3869	3.3837	3.3802	3.3766	3.3727	3.3686	3.3643
	11TH	12ND	13TH	14TH	15TH	16TH	17TH	18TH	19TH	20TH

15	2.6172	2.5841	2.5490	2.5117	2.4722						
20	2.8293	2.8084	2.7863	2.7628	2.7378	2.7113	2.6832	2.6533	2.6216	2.5879	
25	2.9915	2.9776	2.9628	2.9471	2.9304	2.9127	2.8939	2.8739	2.8527	2.8302	
30	3.1241	3.1145	3.1043	3.0935	3.0820	3.0698	3.0568	3.0430	3.0284	3.0129	
35	3.2452	3.2384	3.2311	3.2234	3.2152	3.2066	3.1974	3.1876	3.1772	3.1662	
40	3.3597	3.3548	3.3496	3.3440	3.3382	3.3320	3.3253	3.3183	3.3109	3.3030	

21ST 22ND 23RD 24TH 25TH 26TH 27TH 28TH 29TH 30TH

25	2.8063	2.7810	2.7540	2.7255	2.6951						
30	2.9964	2.9789	2.9604	2.9407	2.9197	2.8975	2.8739	2.8489	2.8223	2.7941	
35	3.1545	3.1421	3.1289	3.1149	3.1000	3.0843	3.0675	3.0497	3.0309	3.0108	
40	3.2945	3.2856	3.2762	3.2661	3.2554	3.2441	3.2321	3.2193	3.2057	3.1913	

31ST 32ND 33RD 34TH 35TH 36TH 37TH 38TH 39TH 40TH

35	2.9895	2.9669	2.9430	2.9175	2.8907						
40	3.1760	3.1598	3.1426	3.1243	3.1049	3.0843	3.0624	3.0391	3.0145	2.9888	

*NOTE:THE FACTORS IN THE 1ST COLUMN ON EACH PAGE OF THESE FACTOR TABLES ARE ORIGINATION FACTORS -- NOT AMORTIZATION FACTORS. FOR EXAMPLE: TO COMPUTE THE FORMULA TWO ASSISTANCE FOR THE 1ST ANNIVERSARY OF A MORTGAGE, SELECT THE CORRECT FACTOR FROM THE 2ND COLUMN OF FACTORS.

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APPENDIX 24(A)

APPROXIMATE CLOSING DATES: 1/5/76-3/6/78

CONTRACT RATE 6.00%
 SUBSIDY RATE 5.00%
 PREMIUM RATE .70%

SECTION 235 FACTOR TABLES*

PURSUANT TO THE SOLDIERS' AND SAILORS'

CIVIL RELIEF ACT

MORTGAGE TERM (YEARS)	AMORTIZATION YEAR									
	1ST	2ND	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH
10	1.0634	1.0182	.9702	.9193	.8652	.8078	.7468	.6821	.6134	.5404
15	1.1021	1.0767	1.0497	1.0210	.9905	.9582	.9239	.8874	.8487	.8077
20	1.1460	1.1302	1.1132	1.0951	1.0759	1.0555	1.0338	1.0108	.9864	.9605
25	1.1786	1.1679	1.1565	1.1444	1.1316	1.1179	1.1035	1.0881	1.0718	1.0545
30	1.2101	1.2027	1.1948	1.1865	1.1776	1.1682	1.1583	1.1477	1.1364	1.1245

35	1.2410	1.2359	1.2302	1.2243	1.2180	1.2113	1.2042	1.1967	1.1887	1.1802
40	1.2617	1.2579	1.2539	1.2496	1.2451	1.2403	1.2352	1.2298	1.2241	1.2180
	11TH	12ND	13TH	14TH	15TH	16TH	17TH	18TH	19TH	20TH
15	.7641	.7178	.6686	.6164	.5610					
20	.9000	.9038	.8728	.8399	.8049	.7678	.7284	.6866	.6422	.5951
25	1.0061	1.0166	.9959	.9739	.9505	.9257	.8994	.8715	.8418	.8103
30	1.1118	1.0983	1.0841	1.0689	1.0528	1.0357	1.0175	.9983	.9778	.9561
35	1.1712	1.1617	1.1515	1.1408	1.1293	1.1172	1.1043	1.0906	1.0761	1.0607
40	1.2116	1.2047	1.1974	1.1897	1.1815	1.1727	1.1635	1.1536	1.1432	1.1321
	21ST	22ND	23RD	24TH	25TH	26TH	27TH	28TH	29TH	30TH
25	.7769	.7414	.7037	.6636	.6212					
30	.9330	.9085	.8825	.8549	.8256	.7945	.7615	.7264	.6892	.6497
35	1.0440	1.0269	1.0085	.9889	.9681	.9460	.9225	.8976	.8712	.8431
40	1.1204	1.1079	1.0946	1.0805	1.0656	1.0497	1.0329	1.0150	.9960	.9759
	31ST	32ND	33RD	34TH	35TH	36TH	37TH	38TH	39TH	40TH
35	.8133	.7817	.7491	.7125	.6749					
40	.9545	.9317	.9076	.8820	.8548	.8260	.7953	.7628	.7282	.6923

*NOTE:THE FACTORS IN THE 1ST COLUMN ON EACH PAGE OF THESE FACTOR TABLES ARE ORIGINATION FACTORS -- NOT AMORTIZATION FACTORS. FOR EXAMPLE: TO COMPUTE THE FORMULA TWO ASSISTANCE FOR THE 1ST ANNIVERSARY OF A MORTGAGE, SELECT THE CORRECT FACTOR FROM THE 2ND COLUMN OF FACTORS.

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APPENDIX 24(A)

APPROXIMATE CLOSING DATES: 3/7/78-PRESENT

CONTRACT RATE 6.00%

SUBSIDY RATE 4.00%

PREMIUM RATE .70%

SECTION 235 FACTOR TABLES*

PURSUANT TO THE SOLDIERS' AND SAILORS'

CIVIL RELIEF ACT

MORTGAGE TERM (YEARS)	AMORTIZATION YEAR									
	1ST	2ND	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH
10	1.5434	1.4982	1.4502	1.3993	1.3452	1.2878	1.2268	1.1621	1.0934	1.0204
15	1.6121	1.5867	1.5597	1.5310	1.5005	1.4682	1.4339	1.3974	1.3587	1.3177
20	1.6863	1.6702	1.6532	1.6351	1.6159	1.5955	1.5738	1.5508	1.5264	1.5005

25	1.7486	1.7379	1.7265	1.7144	1.7016	1.6879	1.6735	1.6581	1.6418	1.6245
30	1.8001	1.7927	1.7848	1.7765	1.7676	1.7582	1.7483	1.7377	1.7264	1.7145
35	1.8610	1.8558	1.9502	1.8443	1.8380	1.8313	1.8242	1.8167	1.8087	1.8002
40	1.9117	1.9079	1.9039	1.8996	1.8951	1.8903	1.8852	1.8798	1.8741	1.8680

	11TH	12ND	13TH	14TH	15TH	16TH	17TH	18TH	19TH	20TH
15	1.2741	1.2278	1.1786	1.1264	1.0710					
20	1.4730	1.4438	1.4128	1.3799	1.3449	1.3078	1.2684	1.2266	1.1822	1.1351
25	1.6061	1.5866	1.5659	1.5439	1.5205	1.4957	1.4694	1.4415	1.4118	1.3803
30	1.7018	1.6883	1.6741	1.6589	1.6428	1.6257	1.6075	1.5883	1.5678	1.5461
35	1.7912	1.7817	1.7715	1.7608	1.7493	1.7372	1.7243	1.7106	1.6961	1.6807
40	1.8616	1.8547	1.8474	1.8397	1.8315	1.8227	1.8135	1.8036	1.7932	1.7821

	21ST	22ND	23RD	24TH	25TH	26TH	27TH	28TH	29TH	30TH
25	1.3469	1.3114	1.2737	1.2336	1.1912					
30	1.5230	1.4985	1.4725	1.4449	1.4156	1.3845	1.3515	1.3164	1.2792	1.2397
35	1.6643	1.6469	1.6285	1.6089	1.5881	1.5660	1.5425	1.5176	1.4912	1.4631
40	1.7704	1.7579	1.7446	1.7305	1.7156	1.6997	1.6829	1.6650	1.6460	1.6259

	31ST	32ND	33RD	34TH	35TH	36TH	37TH	38TH	39TH	40TH
35	1.4333	1.4017	1.3681	1.3325	1.2949					
40	1.6045	1.5817	1.5576	1.5320	1.5048	1.4760	1.4453	1.4128	1.3782	1.3423

*NOTE:THE FACTORS IN THE 1ST COLUMN ON EACH PAGE OF THESE FACTOR TABLES ARE ORIGINATION FACTORS -- NOT AMORTIZATION FACTORS. FOR EXAMPLE: TO COMPUTE THE FORMULA TWO ASSISTANCE FOR THE 1ST ANNIVERSARY OF A MORTGAGE, SELECT THE CORRECT FACTOR FROM THE 2ND COLUMN OF FACTORS.