

PSA Podcast Script

What is a PSA?—A podcast from M&T Bank.

You may have heard the acronym PSA and are wondering what it stands for. PSA stands for Payment Supplement Agreement, and this is a mortgage assistance option from the Federal Housing Administration, also known as the FHA. You may also hear this mortgage assistance option referred to as a Payment Supplement Program.

If you aren't sure if your mortgage loan is backed by the FHA, give us a call at 800-724-1633 and we can let you know who your loan is insured by. Our hours of operation are Monday through Thursday from 8am to 9pm, and Friday from 9am to 5pm.

So, what is a PSA and how does it work?

A PSA is a program developed to help customers bring their loan current and reduce a portion of their monthly mortgage payment during a 36-month period.

If approved for this option, the PSA would utilize a Standalone Partial Claim to bring your mortgage

Some might ask whether this money will have to be re-paid?

After the PSA ends, you will be responsible for resuming your full monthly mortgage payment. As we touched on before, the Partial Claim and payment supplement amounts will eventually need to be re-paid but not until the mortgage matures, the property is transferred or sold, the mortgage is paid off, or the FHA insurance on the mortgage is terminated. Interest will not accrue on these amounts.

We understand that this program may create payment shock for borrowers at the end of the PSA period. If you have any issues with making your monthly mortgage payments once the PSA ends, it's important to call us.

So, how can you be reviewed for this option?

Start by contacting our Homeowner Assistance Center team and speaking with one of our representatives. You can reach us at 800-724-1633. Again, our hours of operation are Monday through Thursday from 8am to 9pm, and Friday from 9am to 5pm.

There is certain criteria your loan must meet to be eligible for this program; however, you won't need to provide us with any documentation to determine if you are eligible. Even if you are in active bankruptcy, you are still eligible to be reviewed for this program as long as you have bankruptcy court approval.

One thing to note is that we use a waterfall approach when determining if you are eligible for this program. A waterfall consists of the mortgage assistance options offered by FHA, and they are arranged in a certain, defined order. When we review your loan for a mortgage assistance option, we start with the first option listed in the waterfall, and once we determine that you qualify for a particular option, we are required to offer you that option and stop our evaluation of any remaining options that are ranked

Now what happens when the PSA period ends?

Don't worry –we know that 36 months is a long time. We will send you yearly payment accounting histories, and between 60 and 90 days before the expiration of the PSA, we will send you a notice in the mail letting you know that your PSA will be coming to an end soon with next steps.

If needed, it is also possible to terminate your PSA early. If this applies to you, don't hesitate to reach out to a customer service representative. A letter will be sent to you asking that you sign and return a Payment Supplement Termination Document. It's important to note as well, that your PSA will also be "involuntarily" terminated if you choose to move forward with a subsequent mortgage assistance option (or upon transfer, assumption, sale, or refinance of your mortgage).

Need any extra assistance?

It's important to remember that we are here to help you. If at any point during the PSA you are having trouble making payments, or if you are looking to participate in a new mortgage assistance option instead, you must contact us. We will work with you to make the decision that's right for your loan.