



On April 8, 2020, Fannie Mae issued an update to Lender Letter 2020-02 and Freddie Mac issued Bulletin 2020-10. Both the updated Lender Letter and the Bulletin include revisions to their temporary servicing guidelines due to the recent enactment of the Coronavirus Aid, Relief, and Economic Security Act enacted on Mar. 27, 2020 (“CARES Act”).

Fannie Mae Lender Letter 2020-02 (issued March 18, 2020; last updated April 8, 2020)

RE: Impact of COVID-19 on Servicing

This updated Lender Letter (LL-2020-02) provides additional information about the following:

- Forbearance plan eligibility: As provided for in the CARES Act, a borrower with a federally backed mortgage loan who is experiencing a financial hardship due directly or indirectly to the COVID-19 national emergency may, regardless of delinquency status, request a forbearance. To request a forbearance, a borrower must submit a request to the servicer and confirm that the borrower is experiencing a financial hardship due to the COVID-19 national emergency (no documentation required). The forbearance period is up to 180 days and, during the covered period, the borrower can request an extension for an additional period of 180 days. “As described in Servicing Guide D2-2-01, Achieving Quality Right Party Contact with a Borrower, QRPC is a uniform standard for communicating with the borrower, co-borrower, or a trusted advisor (collectively referred to as “borrower”) about resolution of the mortgage loan delinquency. We reaffirm the applicability of QRPC when working with a borrower impacted by COVID-19 to ensure the servicer understands

the borrower's circumstances and determines the best possible workout option for resolving the borrower's delinquency. In the event that the servicer is unable to achieve full QRPC and offers a forbearance plan to a borrower impacted by COVID-19 in compliance with the CARES Act, the servicer is considered to be in compliance with our Servicing Guide." Note that Fannie Mae has temporarily eliminated the requirement that a servicer must receive prior written approval for a forbearance plan that would result in the mortgage loan becoming greater than 12 months delinquent. Fannie Mae instructs servicers that they must inform a borrower who a received a CARES Act forbearance of the ability to shorten the forbearance plan term at any time to reduce the amount of payments that are being delayed or reduced. Fannie Mae also advises that it is eliminating the requirement set forth in prior guidance that the servicer determine the occupancy status of the property when achieving QRPC and evaluating a borrower impacted by COVID-19 for a workout option prior to expiration of the forbearance plan.

- Loan modifications: For borrowers who have received a forbearance plan in response to COVID-19, the servicer must begin attempts to contact the borrower no later than 30 days prior to the expiration of the forbearance plan term, must continue outreach attempts until either QRPC is achieved or the forbearance plan term has expired. When evaluating the borrower for a workout option prior to expiration of the forbearance plan, Fannie Mae is providing flexibility with regard to achieving QRPC by eliminating the requirement that the servicer determine the occupancy status of the property and will consider the servicer obtaining the following as achieving QRPC for purposes of evaluating a borrower who has experienced a hardship resulting from COVID-19:
 - determining the reason for the delinquency and whether it is temporary or permanent in nature;
 - determining whether or not the borrower has the ability to repay the mortgage loan debt;
 - educating the borrower on the availability of workout options, as appropriate; and
 - obtaining a commitment from the borrower to resolve the delinquency.

Fannie Mae is further extending the availability of post-disaster forbearance mortgage loan modifications to borrowers impacted by COVID-19. The servicer must analyze each case carefully in accordance with the requirements in the table included in the Lender Letter before determining which mortgage loan modification is most appropriate for the borrower.

- Credit bureau reporting: In response to the CARES Act, Fannie Mae acknowledges that the servicer must report the status of the mortgage loan to the credit bureaus in

accordance with the FCRA, including as amended by the CARES Act, for borrowers affected by the COVID-19 emergency.

- Suspension of foreclosure sales: In response to the CARES Act, Fannie Mae acknowledges that the servicer must now suspend foreclosure-related activities in accordance with the requirements of the CARES Act, which provides: “Except with respect to a vacant or abandoned property, a servicer of a Federally backed mortgage loan may not initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure-related eviction or foreclosure sale for not less than the 60-day period beginning on Mar. 18, 2020.” Fannie Mae generally requires servicers to file motions for relief from the automatic stay in bankruptcy cases upon certain milestones. In light of the CARES Act and other impacts resulting from the COVID 19 National Emergency, Fannie Mae is temporarily relieving servicers of the obligation to meet these timelines. This temporary suspension shall be in effect for not less than the 60-day period beginning on Mar. 18, 2020. Servicers must continue to work with their bankruptcy counsel to determine the appropriate time to file such motions.

Freddie Mac Bulletin 2020-10 (April 8, 2020)
RE: Temporary Servicing Guidance Related to COVID-19

This Bulletin clarifies that requirements for the Servicing of Mortgages for Freddie Mac Borrowers impacted by COVID-19 related hardships are separate and distinct from requirements for the Servicing of Mortgages and Borrowers impacted by an Eligible Disaster.

Several additional important topics addressed in this Bulletin:

- For any borrower impacted by COVID-19, the Servicer must report activity to the credit bureaus in accordance with applicable law, including the Fair Credit Reporting Act and the CARES Act.
- As provided in the CARES Act, Servicers must suspend all foreclosure actions, including foreclosure sales, through May 17, 2020. This includes initiation of any judicial or non-judicial foreclosure process and moving for foreclosure judgment or order of sale. This foreclosure suspension does NOT apply to mortgages on properties that have been determined to be vacant or abandoned.
- Freddie Mac generally requires Servicers to file a motion for relief from automatic stay upon certain milestones based on the length of delinquency or post-petition payments per Guide Sections 9401.6 and 9401.7. In light of the CARES Act and other impacts resulting from the COVID-19 national emergency, Servicers are temporarily relieved them of the responsibility to meet these timelines. Servicers

must continue to work with bankruptcy counsel to determine the appropriate time to file such a motion.

- In addition to the forbearance plan requirements described in Guide Chapter 9203, and the temporary measures announced in Bulletin 2020-4, the following temporary adjustments have been made to the requirements for forbearance plan evaluations for Borrowers with a COVID-19 related hardship:
- Waiving the requirement that a forbearance plan may not extend beyond a date that would cause the delinquency to exceed a cumulative total of 12 months of the Borrower's contractual monthly mortgage payment, as described in Sections 9203.12 and 9203.13(a)
- Affirming that an eligible Borrower may be given an initial forbearance plan for up to 180 days, and thereafter one or more forbearance plan term extensions, provided the total forbearance terms do not exceed 12 months
- Affirming that after the terms of the forbearance plan have been determined, Servicers must send the forbearance plan agreement to the Borrower, in accordance with Section 9203.13(c), and may use the template provided in Guide Exhibit 93, appropriately modified to reflect the terms of the COVID-19 forbearance

As required by the Guide, Bulletin 2020-4 and this Bulletin, the Servicer must make good faith efforts to establish quality right party contact (QRPC) with the Borrower in order to evaluate the Borrower for a forbearance plan, and the length of each forbearance plan term must be for an appropriate length, based on the Borrower's individual circumstances and nature of the hardship, and must be agreed upon with or requested by the Borrower. In the event the Servicer and Borrower cannot agree on an appropriate forbearance length, or further communication with the Borrower is not possible under the circumstances, the Servicer must provide the term requested by the Borrower, not to exceed 180 days.

- As described in Section 9102.3(b), QRPC occurs when a Servicer establishes contact with the Borrower and discusses with the Borrower, co-Borrower or trusted advisor, such as a housing counselor, the most appropriate options for Delinquency resolution. Freddie Mac maintains these principles and reaffirms their applicability when working with COVID-19 impacted Borrowers to ensure the Servicer understands the Borrower's circumstances and determines the best possible outcome for resolving the Borrower's Delinquency. In the event the Servicer is unable to achieve full QRPC and offers a forbearance plan to a COVID-19 impacted Borrower in compliance with applicable law, the Servicer is considered to be in compliance with the Guide.

Outside of the forbearance requirements above, the Servicer must make good faith efforts to establish limited QRPC, in lieu of the full requirements of Section 9102.3(b), as described below for the purpose of determining the best loss mitigation strategy for the Borrower and

answering the Borrower's questions relating to repayment of forborne amounts when the forbearance period has ended:

- Determining the reason for the Delinquency and whether the reason is temporary or permanent in nature
- Determining the Borrower's ability to repay the debt
- Setting payment expectations and educating the Borrower on the availability of alternatives to foreclosure as appropriate
- Obtaining a commitment from the Borrower to either resolve the Delinquency through traditional methods (paying the total delinquent amount) or engaging in an alternative to foreclosure solution

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