



Bulletin 2020-12

Temporary Selling Requirements for Mortgages in COVID-19 Related Forbearance

Issued 04/22/2020

TO: Freddie Mac Sellers

SUBJECT: TEMPORARY SELLING REQUIREMENTS FOR MORTGAGES IN COVID-19 RELATED FORBEARANCE

We continue to work closely with Fannie Mae under the guidance of the FHFA with the goal of providing liquidity to the market while supporting responsible lending and sustainable homeownership during the time of the crisis caused by the COVID-19 pandemic.

This Guide Bulletin provides requirements for Mortgages in forbearance as defined below, including:

- Reminder of general [ineligibility of Mortgages](#) in forbearance
- [Temporary requirements](#) for the purchase of Mortgages in forbearance
- Reminders related to [Seller representations and warranties](#)

We are also reminding Sellers of additional resources and notifying Sellers of our new [Mortgages in Forbearance FAQs](#).

The Guide will not be updated to reflect the temporary changes noted in this Bulletin.

Note Date references

All references to the Note Date refer to the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages, the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, or the assumption agreement date, as applicable.

Meaning of the term "Mortgage in forbearance"

For purposes of the temporary requirements announced in this Bulletin, the term "Mortgage in forbearance" will include a Mortgage for which a Borrower:

- Requested forbearance and attested to or otherwise informed the Seller or Servicer that, after the Note Date, he or she suffered financial hardship caused directly or indirectly by COVID-19, or
- Was approved for a forbearance plan based on a COVID-19 related financial hardship that occurred after the Note Date

Note: A Borrower inquiry without a request for forbearance, does not, in itself, render the Mortgage in forbearance.

REMINDER OF GENERAL INELIGIBILITY OF MORTGAGES IN FORBEARANCE

Mortgages that have been placed into forbearance are ineligible for sale to Freddie Mac. Mortgages in forbearance are not considered investment quality Mortgages in accordance with [Guide Section 4201.1](#). In addition, if a Mortgage is in forbearance then certain terms of the Mortgage have been changed or waived, rendering the Mortgage ineligible under [Section 4201.2](#).

If either the Seller or the Servicer of the Mortgage is aware that the Borrower has requested forbearance as a result of financial hardship, the Seller would be considered aware of circumstances adversely affecting the value of the Mortgage, rendering the Mortgage ineligible for sale under [Section 4201.13](#).

TEMPORARY REQUIREMENTS: PURCHASE OF MORTGAGES IN FORBEARANCE

Although generally, as described above, Mortgages in forbearance are not eligible for sale to Freddie Mac, we are implementing the following temporary eligibility requirements due to the impact of COVID-19 on our Sellers and their Borrowers and in order to continue to provide crucial liquidity to the mortgage industry.

Our focus is to provide liquidity to the market, while also managing credit risk. As a result, we will be reviewing the volume of Mortgages

delivered in accordance with the provisions of this Bulletin and may adjust our requirements as necessary.

Effective dates

These temporary requirements are effective for Mortgages with Note Dates on or after February 1, 2020 and on or before May 31, 2020, and Settlement Dates on or after May 1, 2020. Additionally:

Contract type	Additional effective date requirements
Guarantor and MultiLender Contracts	<ul style="list-style-type: none"> Mortgages with Note Dates on or after February 1, 2020 and on or before March 31, 2020 must have Settlement Dates on or before May 31, 2020
Cash Contracts: Mortgages that are in forbearance, but not yet delinquent	<ul style="list-style-type: none"> Mortgages with Note Dates on or after April 1, 2020 and on or before May 31, 2020 must have Settlement Dates on or before July 31, 2020
Cash Contracts: Mortgages that are in forbearance, that are no more than 30 days delinquent	<p>The Cash Settlement Date must be no later than the 20th of the month after the month the Mortgage became 30 days delinquent (see the definition below).</p> <p>For example:</p> <ul style="list-style-type: none"> Notes with a first payment due date of April 1: If the Borrower does not pay the April payment, the Mortgage will become 30 days delinquent at the close of business on April 30. For these loans, the Settlement Date must be on or before May 20. Notes with first payment due dates of April 2 – April 30: If the Borrower did not pay the April payment, the Mortgage will become 30 days delinquent at the close of business on May 31. For these loans, the Settlement Date must be on or before June 20.

Eligibility requirements

We are temporarily updating our Mortgage eligibility requirements to allow Sellers to deliver certain Mortgages in forbearance that would not otherwise be eligible for sale under the Guide. Specifically, we will allow the delivery of Mortgages for which a Borrower:

- Requested forbearance and attested to or otherwise informed the Seller or Servicer that, after the Note Date, he or she suffered financial hardship caused directly or indirectly by COVID-19, or
- Was approved for a forbearance plan based on a COVID-19 related financial hardship that occurred after the Note Date

These Mortgages are eligible provided that each Mortgage:

- Is either a purchase transaction Mortgage or a "no cash-out" refinance Mortgage
- Is no more than 30 days delinquent as defined below

Note: In connection with Mortgages a Seller intends to sell to Freddie Mac, Sellers should not in any way discourage Borrowers from contacting them or encourage Borrowers to delay notifying them either before or after the Note Date if they are experiencing a COVID-19 related financial hardship.

30 days delinquent

For purposes of this Bulletin a Mortgage with a payment due date of the first of the month becomes 30 days delinquent when all or part of only one monthly payment remains unpaid as of the close of business on the last Business Day of the month. If the payment due date is not on the first of the month, the Mortgage becomes 30 days delinquent when all or part of only one monthly payment remains unpaid 30 or more actual calendar days as of the close of business on the last Business Day of the month. Such Mortgages remain 30 days delinquent until the close of business on the last Business Day of any subsequent month when an amount greater than one monthly payment remains unpaid.

Credit Fees in Price

Mortgages in forbearance, as defined above, will be subject to the following Credit Fees in Price:

MORTGAGES IN FORBEARANCE Effective for Settlement Dates on or after May 1, 2020			
Product	Loan Purpose	Homebuyer Indicator	LTV Ratios
			All Eligible
All Eligible Product	Purchase or No Cash Out Refinance	Non First-Time Homebuyer	7.000%
		First-Time Homebuyer	5.000%
Note: <ul style="list-style-type: none"> All applicable Exhibit 19 Credit Fees in Price apply. Mortgages in Forbearance Credit Fee is not subject to any Exhibit 19 Credit Fees in Price Cap. 			

Delivery requirements

Loan Selling Advisor® will be updated in support of the temporary requirements above for Mortgages with Settlement Dates on and after May 1, 2020. In connection with each Mortgage delivered in accordance with the temporary requirements above, the Seller must enter the applicable valid value for ULDD Data Point, *Investor Feature Identifier* (Sort ID 368):

- “J76” for Mortgages with COVID-19 related forbearance for non-First-Time Homebuyer, or
- “J77” for Mortgages with COVID-19 related forbearance for First-Time Homebuyer

As a reminder:

- For each Mortgage sold to Freddie Mac, Sellers are required to deliver ULDD Data Point, *Delinquent Payments Over Past Twelve Months Count* (Sort ID 452). Delinquencies in connection with Mortgages in forbearance must be included when delivering this ULDD Data Point.
- If any Borrower meets the definition of a First-Time Homebuyer on a Mortgage in forbearance, the Seller must deliver ULDD Data Point, *Borrower First-Time Homebuyer Indicator* (Sort ID 597) and the indicator must be set to “true” as defined in [Guide Exhibit 1](#)

Reporting forbearance after delivery

As a reminder Seller/Servicers must report any COVID-19 related forbearance to us in accordance with the requirements of [Bulletin 2020-7](#).

Loan characteristics

We expect Mortgages sold to us under these temporary requirements to be representative in both profile and volume of a Seller’s agency-eligible Mortgage originations typically sold to Freddie Mac.

SELLER REPRESENTATIONS AND WARRANTIES REMINDERS

In response to the pandemic, we reminded Sellers of their obligations related to determining income continuance and income stability in [Bulletin 2020-5](#) and the related [frequently asked questions](#). We have recommended that Sellers practice additional due diligence to ensure accurate information is obtained and we strongly encouraged Sellers to help ensure that the Borrowers’ ability to repay the Mortgage is not negatively impacted.

Notwithstanding the temporary updates announced in this Bulletin, the Seller remains responsible for complying with all other requirements and for all representations and warranties in the Guide, including all requirements related to underwriting the Borrower to ensure the Borrower is qualified for the Mortgage as of the Note Date.

Additionally, except as specifically permitted in this Bulletin for Mortgages in forbearance, if the Seller or Servicer becomes aware of a change in the Borrower’s circumstances after the Note Date, the Seller must determine whether the Mortgage must be reevaluated in light of the new information. The Mortgage is eligible for sale to Freddie Mac only if all of the requirements of the Purchase Documents are met, including but not limited to, the requirements of [Section 5101.7](#) regarding resubmission to Loan Product Advisor® after the Note Date.

Furthermore, in accordance with [Section 1301.11](#), Mortgages that go into forbearance after the Note Date are not eligible for relief of enforcement of the representations and warranties based on the Borrower’s payment history, but may be eligible for relief based on a satisfactory conclusion of a Freddie Mac quality control review of the Mortgage file if the Mortgage otherwise meets the requirements in Version 2 of the selling representation and warranty framework.

ADDITIONAL RESOURCES

We encourage Sellers to review the following resources:

- Freddie Mac Single-Family web page on [COVID-19](#)
- Freddie Mac [Selling FAQs](#) related to COVID-19
- The Center for Disease Control's web page on [COVID-19](#)
- The Appraisal Foundation's [Appraiser Qualifications and Standards Q&As](#)
- The Appraisal Institute's [Coronavirus-related Direction for Appraisers](#)
- National Association of Realtors [Coronavirus Guide for Realtors](#)

CONCLUSION

We appreciate the support that Sellers continue to extend to Borrowers coping with hardships attributed to COVID-19. If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call the Customer Support Contact Center at 800-FREDDIE.

Sincerely,

Danny Gardner
Senior Vice President, Client and Community Engagement