House Bill 1009 – Mortgage Servicers – Requirements and Prohibitions During and After a State of Emergency and Catastrophic Health Emergency (Foreclosure Relief Act of 2001)

House Economic and Environment and Transportation Committees

February 24, 2021
Opposed

MBA opposes House Bill 1009 – Mortgage Servicers – Requirements and Prohibitions During and After a State of Emergency and Catastrophic Health Emergency (Foreclosure Relief Act of 2001). **HB 1009 is unnecessary as sweeping actions have already been taken at both the federal and state level to help homeowners during the pandemic – both in the forbearance and foreclosure areas**. These federal and state actions are in addition to the existing, robust and extensive foreclosure and consumer protections already exist in in Maryland. There is no need for separate, legislative action in this area. This legislation will ultimately be counterproductive to both borrowers and lenders and will negatively impact Maryland's strong housing market, as well as the significant and ongoing progress to help those experiencing financial difficulties.

As noted in the attached MBA PowerPoint presentation, the federal forbearance and foreclosure protections have been regularly extended to meet changing needs resulting from the pandemic. However, these actions – both at the federal and state level – are not structured as legislative changes, and can more easily be modified to adapt to changing circumstances, as needed. This bill will lock into statute similar, but different and at times conflicting standards for foreclosure, forbearance and meditation and more. If this legislation passes, Maryland's mortgage process will be tied up with the provisions of this legislation, for two years *after* the State of Emergency passes. This ultimately is not good for borrowers, lenders or Maryland's housing market. Further, Maryland's foreclosure process, which has been completely closed to new foreclosures since May 2020, already involves the courts and court processes, such as service on the borrower of foreclosure documents and fully allowing borrowers to assert defenses throughout the process. If a borrower believes lenders did not follow the correct process, had errors in the documents, etc., they can raise these issues and be granted appropriate relief.

Maryland's current foreclosure process is already lengthy with significant, enhanced consumer protection provisions. Maryland's foreclosure laws are extensive and have been created and revised continually since the first Gubernatorial Foreclosure Task Force was convened in 2007. For example, Maryland's process now includes mediation pre and post; claims before a judge, etc. The process has been lengthened significantly where it now takes more than 530 days from the first missed payment by the borrower until the foreclosure sale. We cannot lock ourselves into a new and very burdensome procedure until the State of Emergency is ended. In all likelihood, the State of Emergency will continue in some fashion for at least another year regardless of what changes regarding the economy, banking, etc. There is no evidence that between the federal orders and the State orders, the situation was not being dealt with appropriately.

In closing, rather than adopting additional changes in this area, MBA supports letting the vast amount of legislative changes made in the foreclosure arena and the more recent specific foreclosure moratorium and forbearance actions do their work. Attached are a series of documents that highlight the extensive changes in this area.

For these reasons, MBA urges an **UNFAVORABLE COMMITTEE REPORT**.

Attached:

1. MBA Briefing on COVID, Foreclosure Protections and Mortgage Payment Relief Options
2. Governor Hogan's Dec. 2020 Executive Order;
3. Commissioner's Guidance re the 12/2020 EO;
4. Commissioner's Extension of the NOI reopening date to 4/1/21;
5. Fact Sheet press release from President Biden regarding the extension of certain foreclosure moratoria;
6. VA guidance extending its moratorium to 7/1/2021;
7. VA guidance regarding additional CARES Act forbearance periods;
8. HUD/VA guidance extending its moratorium to 7/1/2021;
9. FHFA press release regarding extension of Fannie/Freddie moratoria to 4/1/2021;
10. Fannie Guidance re extension of moratorium and additional forbearance periods; and
11. Freddie Guidance re extension of moratorium and additional forbearance periods.

MBA Briefing
COVID-19, Industry Response, Foreclosure Protections and Mortgage Payment Relief Options

February 24, 2021

Overview

- **Foreclosure Prevention**:
  - MBA / Industry response
  - Federal and State mortgage payment relief options
  - Federal and State foreclosure and eviction protections

Role of MBA/Industry

MARYLAND BANKERS ASSOCIATION

The success of a bank is inherently linked to the success of its clients and community

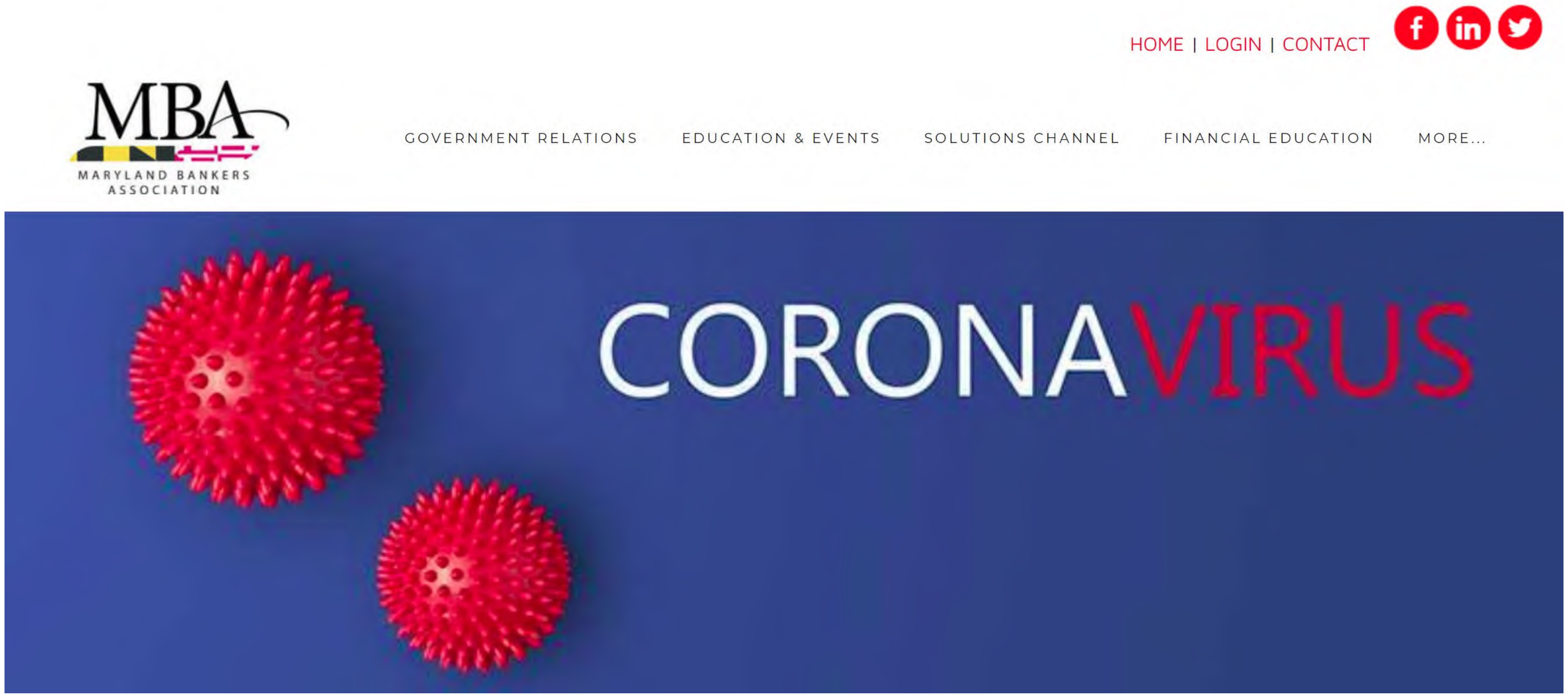
<u>Since mid-March, 2020</u>:

- Outreach/Media – very proactive – “Call your banker"
- Weekly calls with members
- Daily calls with other state/national banking Associations
- Regular contact with banking regulators – nothing done in a vacuum
- Ongoing contact with state and federal policy-makers
- MBA online resource for banks and consumers

MBA's Online Resource

Visit MBA's COVID-19 web page for links to a variety of resources and our member banks:

https://www.mdbankers.com/covid-19-resources.html



Mortgage Relief – Role of the Banking Industry

Contact Your Bank/Your Lenders/Creditors

Maryland banks stand by their borrowers/clients. Maryland banks are hard at work helping Maryland homeowners who are experiencing financial hardship. Banks routinely provide customized help to fit specific financial situations, through:

- Loan payment deferrals
- Forbearance – modifications
- Interest rate reduction requests
- Fee waivers
- Increases in lines of credit
- Consumer loans
- Consultation
- And more

Source - Maryland Bankers Association Survey 6/18/2020

Mortgage Relief: Federal Options, Federal Housing Finance Agency/FHA/HUD Guidance, Etc.

- A forbearance is a pause or reduction in the monthly mortgage payments.
- For federally-backed mortgage loans (Fannie Mae, Freddie Mac, FHA, VA), the CARES Act allows a borrower to request an initial forbearance period of up to 180 days (and up to another 180 days after the first 180 days).
  - Most recently, Fannie Mae and Freddie Mac also announced that borrowers that were on a forbearance as of 2/28/21 could extend their forbearance period an additional 3 months (15 total).
  - HUD/FHA/VA/USDA borrowers who entered into a forbearance on or before June 30, 2020 may receive an additional six months of mortgage payment forbearance, in three-month increments.
- 4/27/20 – FHFA Statement - "NO LUMP SUM REQUIRED AT THE END OF FORBEARANCE"

Online Resource: To understand the protections and assistance offered by the government to those having trouble paying their mortgage, please visit the joint Department of Housing and Urban Development, FHFA, and the Consumer Financial Protection Bureau website at **https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/**

<u>Mortgage Relief</u>: Governor's Financial Relief Announcement

- The Governor's April 3rd Financial Relief announcement stated that "consistent with applicable guidelines, Marylanders may be eligible for the following opportunities upon contacting their financial service providers:
  - **90 Days of Payment Forbearance or Deferral. Mortgage lenders and servicers will provide up to a 90-day forbearance or deferral period for mortgage payments.**
  - **Waiving Late Fees.** Mortgage lenders and servicers will not charge late fees during the forbearance or deferral period.
  - **Credit Reporting**. Mortgage lenders and servicers will not report negative information to the credit bureaus during the forbearance or deferral period.
  - **90 Days Forbearance from Foreclosure Initiation.** All mortgage lenders and servicers will follow the forbearance and reduced payment programs established by federal authorities.

Online Resource: https://www.dllr.state.md.us/whatsnews/frcovidrelief.shtml

Mortgage Relief: Governor's Executive Order on Foreclosures – Extends CARES Forbearance to Mortgages not covered by CARES

- On December 17, Governor Hogan extended the stay on residential foreclosures and the prohibition on certain residential and commercial evictions through 01/31/2021. The foreclosure moratorium, established on April 3, 2020 has since been extended multiple times, most recently to 4/01/2021.
- The December executive order's provisions concerning residential foreclosures were significant developments.
- Essentially, the order requires that lenders notify borrowers of forbearance rights as a condition to proceeding with a residential foreclosure.
- This is most significant as applied to mortgages that are not covered by the CARES Act, as lenders must now provide a similar forbearance to these borrowers, if requested.

Online Resource: https://governor.maryland.gov/wp-content/uploads/2020/12/Evictions-Repossessions-Foreclosures-3d-AMENDED-12.17.20.pdf

Mortgage Relief: National Forbearance Statistics

MARYLAND BANKERS ASSOCIATION

Key findings of MBA's Forbearance and Call Volume Survey – February 1 to February 16, 2021

- The Mortgage Bankers Association's (MBA) latest Forbearance and Call Volume Survey (February 16) revealed that the total number of loans now in forbearance decreased by 6 basis points from 5.35% of servicers' portfolio volume in the prior week to 5.29% as of February 7, 2021.
- “MBA expects the rollout of the vaccines to boost economic growth through the course of the year, leading to a stronger job market and a greater ability for more struggling homeowners to get back on their feet.”
- Total loans in forbearance by investor type:
  - The share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 7.46% to 7.34%.
  - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 3.07% to 3.01%.
  - The share of other loans (e.g., portfolio and PLS loans) in forbearance remained unchanged relative to the prior week at 9.14%.

Online Resources: https://www.mba.org/2021-press-releases/february/share-of-mortgage-loans-in-forbearance-declines-to-529-percent

Foreclosure and Delinquency: 3Q2020 - Maryland Statistics

MARYLAND BANKERS ASSOCIATION

According to the national Mortgage Bankers Association's latest survey:

- The percentage of loans in Maryland on which foreclosure was started during the quarter fell 1 basis points to 0.03 percent
- The percentage of loans in the foreclosure process at the end of the quarter fell 14 basis points to 0.79 percent.
- The delinquency rate for mortgage loans on residential properties in Maryland was 9.20 percent at the end of the third quarter of 2020, a decrease of 50 basis points from the second quarter of 2020. *This includes loans in forbearance.*

Foreclosure Protections: Federal Actions

MARYLAND BANKERS ASSOCIATION

- **Federal Protections Against Foreclosure and Evictions – FHFA Extends Foreclosure, Eviction Moratorium through February 28, 2021**
    - On March 18, the federal Coronavirus Aid Relief and Economic Security Act (CARES Act) established a 60-day moratorium on foreclosures and evictions for single-family mortgages backed by Fannie Mae or Freddie Mac. ***This moratorium has since been extended multiple times.***
    - Most recently, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac will extend the moratoriums on single-family foreclosures and real estate owned (REO) evictions until at least April 1, 2021.
    - HUD/FHA/VA/USDA extended their foreclosure moratorium through June 30, 2021.
    - The foreclosure moratorium applies to Enterprise-backed, single-family mortgages.

Online Resources: https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Extends-Foreclosure-and-REO-Eviction-Moratoriums-and-COVID-Forbearance-Period.aspx and https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/mortgage-relief/

Foreclosure Protections: State Actions

MARYLAND BANKERS ASSOCIATION

- Governor Hogan's April 3, 2020 Executive Order **prohibited the initiation of foreclosures in Maryland** by prohibiting the Commissioner of Financial Regulation from accepting Notice of Intent to Foreclose.
- That prohibition was most recently extended to April 1, 2021.
- Thus, **no new NOI submissions are being accepted.**

Online Resources: https://www.dllr.state.md.us/finance/ and https://governor.maryland.gov/wp-content/uploads/2020/12/Evictions-Repossessions-Foreclosures-3d-AMENDED-12.17.20.pdf and https://content.govdelivery.com/accounts/MDDLLR/bulletins/2c22722

Information Resources for Borrowers

MARYLAND BANKERS ASSOCIATION

- The Consumer Financial Protection Bureau (CFPB) has also taken steps to protect and assist consumers during the COVID-19 national emergency including:
  - making it easier for consumers to receive pandemic-relief payments;
  - informing consumers about their options as it relates to mortgage forbearance;
  - releasing a policy statement outlining the responsibility of credit reporting companies and furnishers; and
  - providing needed flexibility to enable financial companies to work with customers in need.

- Online Resources:
  - student loan payment suspension;
  - mortgage forbearance;
  - help for homeowners and renters;
  - paycheck protection program; and
  - how consumers can protect their finances during the pandemic

Information Resources for Borrowers

MARYLAND BANKERS ASSOCIATION

Maryland Department of Labor's COVID-19 Financial Relief Guide connects individuals with other financial assistance programs and consumer protections that remain available for Maryland's residents and their families

Homeowners who experiencing financial hardship should contact the company where they send their monthly payments for assistance. Companies are offering loan forbearance and other temporary payment relief to homeowners who are experiencing economic hardship due to the COVID-19 pandemic.

Homeowners can also call the Maryland HOPE hotline at 1-877-462-7555 for a referral to a nonprofit housing advocate. Additional information and resources about mortgage relief and foreclosure prevention can be found by visiting the department's website.

MARYLAND BANKERS ASSOCIATION

Thank you!

Reach out to your banker with specific questions.

www.mdbankers.com

MARYLAND COMMISSIONER OF FINANCIAL REGULATION

INDUSTRY ADVISORY REGULATORY GUIDANCE

January 28, 2021

Regulatory Guidance Regarding Foreclosures

WHEREAS, on December 17, 2020, Maryland Governor Larry Hogan issued executive order number 20-12-17-02 (the "Order") amending and restating previous executive orders issued April 3, 2020, number 20-04-03-01, as further amended and restated on October 16, 2020, by Order 20-10-16-01.

WHEREAS, as authorized under Section VI of the Order, after review and analysis of relevant information related to the COVID-19 catastrophic health emergency, the residential mortgage market, and the economic conditions within the State, the Commissioner has determined that the issuance of binding Regulatory Guidance is necessary in order to prevent and reduce foreclosure of residential properties by continuing the prevention of the initiation of residential foreclosures so as to suppress homelessness during the COVID-19 catastrophic health emergency.

NOW, THEREFORE, pursuant to Section VI of the Order, the Commissioner issues the following binding regulatory guidance that is intended to amend and supersede the "Re-Start Date" provided for in Section IV(c) of the Order. Specifically, the "Re-Start Date" shall be **March 1, 2021**.

For questions about this guidance, please contact Jedd Bellman, Assistant Commissioner for Non-Depository Supervision by phone at (443) 904-7045 or by email at jedd.bellman@maryland.gov.

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's banking and financial services regulatory agency. For more information, please visit our website at www.labor.maryland.gov/finance.

Maryland
DEPARTMENT OF LABOR
Office of the Commissioner of Financial Regulation

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MARYLAND COMMISSIONER OF FINANCIAL REGULATION

INDUSTRY ADVISORY REGULATORY GUIDANCE

SHARE

February 22, 2021

Amended Regulatory Guidance Regarding Foreclosures

WHEREAS, on December 17, 2020, Maryland Governor Larry Hogan issued executive order number 20-12-17-02 (the "Order") amending and restating previous executive orders issued April 3, 2020, number 20-04-03-01, as further amended and restated on October 16, 2020, by Order 20-10-16-01.

WHEREAS, on January 28, 2021, pursuant to authority provide for under Section VI of the Order, the Commissioner issued Regulatory Guidance Regarding Foreclosures, specifically amending the "Re-Start Date" in Section IV(c) of the Order to March 1, 2021 (the "January 2021 Regulatory Guidance").

WHEREAS, as authorized under Section VI of the Order, after review and analysis of relevant information related to the COVID-19 catastrophic health emergency, the residential mortgage market, and the economic conditions within the State, the Commissioner has determined that the issuance of amended binding Regulatory Guidance is necessary in order to prevent and reduce foreclosure of residential properties by continuing the prevention of the initiation of residential foreclosures through March 31, 2021 so as to suppress homelessness during the COVID-19 catastrophic health emergency.

NOW, THEREFORE, pursuant to Section VI of the Order, the Commissioner issues the following binding regulatory guidance that is intended to amend and supersede the "Re-Start Date" provided for in Section IV(c) of the Order as amended in the January 2021 Regulatory Guidance. Specifically, the "Re-Start Date" shall be **April 1, 2021**.

For questions about this guidance, please contact Jedd Bellman, Assistant Commissioner for Non-Depository Supervision by phone at (443) 904-7045 or by email at jedd.bellman@maryland.gov.

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's banking and financial services regulatory agency. For more information, please visit our website at www.labor.maryland.gov/finance.

Maryland
DEPARTMENT OF LABOR

Office of the Commissioner of Financial Regulation

Questions? Contact Us

STAY CONNECTED:

MARYLAND COMMISSIONER OF FINANCIAL REGULATION

INDUSTRY ADVISORY REGULATORY NOTICE

December 18, 2020

NEW FORECLOSURE UPDATE: EXECUTIVE ORDER 20-12-17-02 ISSUED BY GOVERNOR HOGAN

On December 17, 2020, Maryland Governor Larry Hogan issued executive order number 20-12-17-02 (the "Order") amending and restating the previous executive orders issued April 3, 2020, number 20-04-03-01, and October 16, 2020, number 20-10-16-01.

The Order generally continues previously announced consumer protections while extending the existing moratorium on foreclosures until January 31, 2021, and granting the Commissioner, under certain circumstances, the authority to further extend the moratorium and to issue binding and/or non-binding directives, advisories, and/or guidance under the Order. **The Commissioner has issued such binding guidance in the form of frequently asked questions, which may be found here**.

The foreclosure provisions of the Order are in Paragraph IV of the Order.

Paragraph IV provides that the suspension of the Notice of Intent to Foreclose Electronic System will continue until January 31, 2021 or such later date as the Commissioner may determine. **Consistent with the Order, the Commissioner will resume accepting Notices of Intent to Foreclose on February 1, 2021, which is the first business day after January 31, 2021, unless the Commissioner otherwise extends that date through a subsequent Regulatory Advisory.**

Paragraph IV also modifies the certain requirements of the previous order relating to Non-Federal mortgage loans. Specifically, it requires an offer of forbearance to be sent to the borrower at least 30 days before a Notice of Intent to Foreclose is sent, and grants the borrower 90 days from the date of the offer to accept that offer.

With respect to a mortgage or deed of trust, whether federally-backed or not federally-backed, secured by the property subject to foreclosure, the Servicer or Secured Party must certify to the Commissioner of Financial Regulation at the time of the submission of a Notice of Foreclosure (*see* Md. Code Ann. Real Property §7-105.2) that the Servicer has complied with paragraph IV of the order. Certification will be provided electronically as part of the submission process through Maryland's Foreclosure Registration System. The Commissioner has determined that certification will be required beginning February 1, 2021.

> **NOTE: The above summary is not exhaustive. See the full Order on the Governor's website here.**

Furthermore, on June 3, 2020, Maryland Court of Appeals Chief Judge Mary Ellen Barbera, administrative head of the judicial branch in Maryland, issued an administrative order lifting the stay of all foreclosures of residential properties, subject to certain requirements relating to the CARES Act, effective July 25, 2020. That order was subsequently amended to address extensions of certain protections provided for through federal action.

While the lift-of-stay order addresses foreclosure actions which have been filed or which may be filed, it *does not* supersede, abrogate, or otherwise negate Governor Hogan's Order of December 17, 2020 or any Order preceding it.

> **NOTE:** Pursuant to Maryland Code, Real Property Article, Section 7-105.1(c)(3), and COMAR 09.03.12.02(E), a copy of the Notice of Intent to Foreclose shall be electronically submitted to the Commissioner through the System within 5 business days of mailing a Notice of Intent to Foreclose. Filing a copy of the Notice of Intent to Foreclosure with the Commissioner ***must be accomplished before*** a party is authorized to file an action to foreclose a mortgage or deed of trust on residential property. **Failure to comply with this requirement will subject a violator to the enforcement jurisdiction of the Commissioner and/or the Maryland Attorney General's Office.**

Questions about this advisory may be directed to Jedd Bellman, Assistant Commissioner for Non-Depository Supervision by phone at (443) 904-7045 or by email at jedd.bellman@maryland.gov.

See also the Interpretational Guidance Regarding Foreclosure and Repossession issued by the Commissioner on December 18, 2020.

The State of Maryland

Executive Department

ORDER
OF THE
GOVERNOR OF THE STATE OF MARYLAND

NUMBER 20-12-17-02

AMENDING AND RESTATING THE ORDER DATED OCTOBER 16, 2020, TEMPORARILY PROHIBITING EVICTIONS OF TENANTS SUFFERING SUBSTANTIAL LOSS OF INCOME DUE TO COVID-19, AND ADDITIONALLY PROHIBITING CERTAIN REPOSSESSIONS, RESTRICTING INITIATION OF RESIDENTIAL MORTGAGE FORECLOSURES, AND PROHIBITING COMMERCIAL EVICTIONS

WHEREAS, A state of emergency and catastrophic health emergency was proclaimed on March 5, 2020, and renewed on March 17, April 10, May 6, June 3, July 1, July 31, August 10, September 8, October 6, October 30, and November 25, 2020, to control and prevent the spread of COVID-19 within the state, and the state of emergency and catastrophic health emergency still exists;

WHEREAS, COVID-19, a respiratory disease that spreads easily from person to person and may result in serious illness or death, is a public health catastrophe and has been confirmed throughout Maryland;

WHEREAS, The spread of COVID-19 is likely to result in loss of work and loss of income for some residents of Maryland, which may impact their ability to pay for rental housing or repay mortgages, potentially resulting in loss of housing due to eviction or foreclosure;

WHEREAS, The spread of COVID-19 is likely to result in loss of business and income for some businesses in Maryland, which may impact their ability to pay for rental real estate, potentially resulting in eviction;

WHEREAS, To treat, prevent, or reduce the spread of COVID-19 caused by the transmission of the novel coronavirus, it may become medically necessary and reasonable to require individuals to remain in isolation or quarantine at their homes or to remain indoors;

WHEREAS, To protect the public health, welfare, and safety, it is necessary to suspend the effect of certain states, rules, or regulations of agencies of the State or political subdivisions relating to real property and breach of leases;

WHEREAS, To protect life and property, and control the public health catastrophe in Maryland, it is necessary to control the occupancy and use of buildings; and

WHEREAS, To avoid the serious health, welfare, and safety consequences that may result if Marylanders lose their housing as a result of COVID-19, it is necessary and reasonable to restrict certain evictions and residential foreclosures;

NOW, THEREFORE, I, LAWRENCE J. HOGAN, JR., GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND LAWS OF MARYLAND, INCLUDING BUT NOT LIMITED TO TITLE 14 OF THE PUBLIC SAFETY ARTICLE, AND IN AN EFFORT TO PROTECT THE PUBLIC HEALTH, WELFARE, AND SAFETY, DO HEREBY ORDER:

I. The Order of the Governor of the State of Maryland, dated March 16, 2020, entitled "Temporarily Prohibiting Evictions of Tenants Suffering Substantial Loss of Income Due to COVID-19", as amended and restated by Order of the Governor of the State of Maryland Number 20-04-03-01, dated April 3, 2020, and further amended and restated by Order 20-10-16-01, dated October 16, 2020, is further amended and restated in its entirety as set forth herein.

II. Definitions. As used herein, the following terms have the following meaning:

a. "Borrower" means, with respect to a mortgage or deed of trust, the mortgagor or grantor.

b. "CARES Act" means the CARES Act, Pub. L. 116-136, as it may be amended from time to time.

c. "Chattel Home" means personal property used as a person's residence, including without limitation, mobile homes, trailers, and live-aboard boats.

d. "CL" means the Commercial Law Article of the Maryland Code.

e. "Commissioner" means the Commissioner of Financial Regulation of the State of Maryland.

f. "Creditor" means a lender, credit grantor, lessor, or secured party.

g. "Federal Mortgage Loan" means a loan secured by a mortgage or deed of trust that is a "federally backed mortgage loan", as defined in Section 4022(a)(2) of the CARES Act.

h. "Mortgage Loan" means, interchangeably and collectively, a Federal Mortgage Loan or a Non-Federal Mortgage Loan.

i. "Non-Federal Mortgage Loan" means a loan that is not a Federal Mortgage Loan, which is secured by a mortgage or deed of trust on Residential Property.

j. "Residential Property" has the meaning provided in RP § 7-105.1(a)(12).

k. "RP" means the Real Property Article of the Maryland Code.

l. "Servicer" means the person responsible for the servicing of a Mortgage Loan (including the person who makes or holds such loan, if such person also services the loan).

m. "Substantial Loss of Income" means (i) with respect to an individual, a substantial loss of income resulting from COVID-19 or the related proclamation of a state of emergency and catastrophic health emergency, including, without limitation, due to job loss, reduction in compensated hours of work, closure of place of employment, or the need to miss work to care for a home-bound school-age child; and (ii) with respect to an entity, a substantial loss of income resulting from COVID-19 or the related proclamation of a state of emergency and catastrophic health emergency, including, without limitation, due to lost or reduced business, required closure, or temporary or permanent loss of employees.

III. Prohibition on Certain Repossessions. To the extent any statute, rule or regulation of the State of Maryland or any political subdivision would permit a Creditor to repossess any Chattel Home by self-help (including, without limitation, CL §§ 9-609, 12-115, 12-624, 12-1021, or 14-2008), such statute, rule, or regulation is hereby suspended until the state of emergency is terminated and the catastrophic health emergency is rescinded.

IV. Residential Foreclosures.

a. Until the state of emergency is terminated and the catastrophic health emergency is rescinded, the effect of RP § 7-105(c) is hereby suspended as follows: Subject to paragraph IV.d of this Order, a sale of Residential Property made pursuant to RP § 7-105, RP §§ 7-105.1 through 7-105.10, or the Maryland Rules, shall not have the effects described in RP § 7-105(c) unless:

i. with respect to a Residential Property securing a Federal Mortgage Loan:

1. at least 30 days prior to sending a notice of intent to foreclose pursuant to RP § 7-105.1(c), the Servicer has sent a written notice to the Borrower stating the Borrower's right to request a forbearance on the Federal Mortgage Loan under Section 4022(b) of the CARES Act; and

2. the Servicer has complied with all of its obligations with respect to the Federal Mortgage Loan owed to the Borrower under the CARES Act and this Order; and

ii. with respect to a Residential Property securing a Non-Federal Mortgage Loan:

1. at least 30 days prior to sending a notice of intent to foreclose pursuant to RP § 7-105.1(c), the Servicer has sent a written notice to the Borrower that if the Borrower is experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency, the Borrower may, for a period of 90 days after the date of such notice, request a forbearance on the Non-Federal Mortgage Loan, regardless of delinquency status, for a

period up to 180 days, which may be extended for an additional period up to 180 days at the request of the Borrower (if such request is made during the initial 180 day forbearance period); *provided*, that, at the Borrower's request, either the initial or extended period of forbearance may be shortened;

2. if the Borrower requests a forbearance on the Non-Federal Mortgage Loan as described in paragraph IV.a.ii.1, the Servicer has provided such forbearance without requiring the Borrower to provide additional documentation other than the Borrower's attestation to a financial hardship caused by COVID-19 and without requiring any fees, penalties, or interest (beyond the amounts scheduled or calculated as if the Borrower made all contractual payments on time and in full under the terms of the Non-Federal Mortgage Loan); and

3. during a forbearance period described in paragraph IV.a.ii.1., the Servicer has not accrued on the Borrower's account any fees, penalties, or interest beyond the amounts scheduled or calculated as if the Borrower made all contractual payments on time and in full under the terms of the Non-Federal Mortgage Loan.

b. The Commissioner is hereby ordered to:

i. until the Re-Start Date (defined below), suspend the operation of the Commissioner's Notice of Intent to Foreclose Electronic System, and to discontinue acceptance of Notices of Intent to Foreclose; and

ii. effective as of the Re-Start Date, until the state of emergency is terminated and the catastrophic health emergency is rescinded, with each submission of a Notice of Foreclosure (as defined in RP § 7-105.2(a)(4)), obtain a certification from the Servicer or secured party to the effect that the Servicer has complied with paragraph IV.a. with respect to a Mortgage Loan secured by the Residential Property subject to foreclosure.

c. The "Re-Start Date" is:

i. January 31, 2021, or

ii. such later date as the Commissioner may determine and publish in Regulatory Guidance; provided, that such later date may not be more than 30 days after the state of emergency is terminated and the catastrophic health emergency is rescinded.

d. This paragraph IV does not apply to any Residential Property that a court of competent jurisdiction has found to be "vacant and abandoned" pursuant to RP § 7-105.18.

V. Prohibition on Residential and Commercial Evictions.

a. Until the state of emergency is terminated and the catastrophic health emergency is rescinded, the effect of RP § 8-401 is hereby suspended as follows:

i. No court shall give any judgment for possession or repossession, or warrant for restitution of possession or repossession of residential, commercial, or industrial real property, if the tenant can demonstrate to the court, through documentation or other objectively verifiable means, that the tenant suffered a Substantial Loss of Income.

b. Until the state of emergency is terminated and the catastrophic health emergency is rescinded, the effect of RP § 8-402.1 is hereby suspended as follows:

i. No court shall give any judgment for possession or repossession, or warrant for restitution of possession or repossession of residential, commercial, or industrial real property, if the tenant can demonstrate to the court, through documentation or other objectively verifiable means, that the tenant suffered a Substantial Loss of Income.

ii. The fact that the tenant, or any person permissibly cohabiting with the tenant in accordance with the terms of the lease, has a confirmed diagnosis of COVID-19 or is under investigation for COVID-19, shall not constitute a "clear and imminent danger" for purposes of RP § 8-402.1(a)(1)(i)2.B.

c. Except as specifically suspended in paragraph V.a above, RP § 8-401 remains in effect in accordance with its terms. Except as specifically suspended in paragraph V.b. above, RP § 8-402.1 remains in effect in accordance with its terms.

VI. Commissioner's Authority. The Commissioner is hereby authorized to issue binding and/or non-binding directives, advisories, and/or guidance under this Order ("Regulatory Guidance"), as the Commissioner deems necessary, to monitor, prevent, and reduce evictions, repossessions, and the foreclosure of residential properties, in order to suppress homelessness during the COVID-19 catastrophic health emergency.

VII. General Provisions.

a. No provision of this Order shall be construed as relieving any person or entity of any obligation to make payments or to comply with any other obligation that such person or entity may have pursuant to a note, loan agreement, or lease.

b. This Order remains effective until the state of emergency is terminated and the proclamation of the catastrophic health emergency is rescinded, or until rescinded, superseded, amended, or revised by any subsequent order(s).

c. The effect of any statute, rule, or regulation of an agency of the State or a political subdivision inconsistent with this Order is hereby suspended to the extent of such inconsistency.

d. The underlined headings in this Order are for convenience of reference only and shall not affect the interpretation of this Order.

e. If any provision of this Order or its application to any person, entity, or circumstance is held invalid by any court of competent jurisdiction, all other provisions or applications of the Order shall remain in effect to the extent possible without the invalid provision or application. To achieve this purpose, the provisions of this Order are severable.

ISSUED UNDER MY HAND THIS 17TH DAY OF DECEMBER, 2020, AND EFFECTIVE IMMEDIATELY.

Lawrence J. Hogan, Jr.
Governor

BRIEFING ROOM

Fact Sheet: Biden Administration Announces Extension of COVID-19 Forbearance and Foreclosure Protections for Homeowners

FEBRUARY 16, 2021 • STATEMENTS AND RELEASES

As millions of Americans face continued hardship from the COVID-19 pandemic, President Biden is continuing to take action to help keep individuals and families in their homes. The COVID-19 pandemic has triggered a housing affordability crisis. Today, 1 in 5 renters is behind on rent and just over 10 million homeowners are behind on mortgage payments. People of color face even greater hardship and are more likely to have deferred or missed payments, putting them at greater risk of eviction and foreclosure.

Today, as part of the President's commitment to deliver immediate relief for American families bearing the brunt of this crisis, the Department of Housing and Urban Development, Department of Veterans Affairs, and Department of Agriculture announced a coordinated extension and expansion of forbearance and foreclosure relief programs. These critical protections were due to expire in March, leaving many at risk of falling further into debt and losing their homes. Now, homeowners will receive urgently needed relief as we face this unprecedented national emergency. Today's action builds on steps the President took on Day One to extend foreclosure moratoriums for federally guaranteed mortgages.

The actions announced today will:

- Extend the foreclosure moratorium for homeowners through June 30, 2021;
- Extend the mortgage payment forbearance enrollment window until June 30, 2021 for borrowers who wish to request forbearance;
- Provide up to six months of additional mortgage payment forbearance, in three-month increments, for borrowers who entered forbearance on or before June 30, 2020.

The Department of Housing and Urban Development, Department of Veterans Affairs, and Department of Agriculture worked in lock-step to make sure that the above actions will reach the greatest number of Americans. Last week, the Federal Housing Finance Agency, the independent agency that oversees Fannie Mae and Freddie Mac, extended forbearance by three months for borrowers coming to the end of their forbearance period. These coordinated actions will cover 70 percent of existing single-family home mortgages.

President Biden is committed to protecting homeownership and housing stability as America begins to turn a painful crisis into a robust recovery. Today's extended forbearance and foreclosure programs are an important step towards building stronger and more equitable communities.

To bolster these efforts, it is critical that Congress pass the American Rescue Plan to deliver more aid to struggling homeowners. The rescue plan creates a Homeowners Assistance Fund which will provide states with $10 billion to help struggling homeowners catch up on their mortgage payments and utility costs. This relief is critical for homeowners with mortgages in the private market who are not able to take advantage of today's actions and may face longer term challenges.

The Biden-Harris Administration's priorities in extending these protections are to:

Provide immediate relief to homeowners across America. Today's actions directly benefit the 2.7 million homeowners currently in COVID forbearance and extend the availability of forbearance options for nearly 11 million government-backed mortgages nationwide. Communities large and small need this assistance. That is why the Department of Housing and Urban Development, Department of Veterans Affairs, and Department of Agriculture worked in concert to deliver across-the-board relief for urban, suburban, rural, and military homeowners, including seniors with reverse mortgages

Support hard-hit communities of color. The health and economic costs of this crisis have not been evenly felt, a pattern repeated over the course of the pandemic.Extending forbearance policies will provide critical support to homeowners of color, who make up a disproportionate share of borrowers with delinquent loans and loans in forbearance due to COVID-related hardship. On the first day of his Administration, President Biden committed to advancing racial equity across all government programs and policies. Today, agencies are stepping up with housing relief that will strengthen communities of color and build the foundation for an equitable recovery.

Provide a centralized resource for housing assistance. Homeowners and renters can visit consumerfinance.gov/housing for up-to-date information on their relief options, protections, and key deadlines. As federal agencies continue working to implement housing assistance for American families, the Consumer Financial Protection Bureau offers this website as a one-stop shop for both homeowners and renters to learn about programs and resources that can help them stay in their homes by reducing the risk of eviction and foreclosure.

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Veterans Benefits Administration
Department of Veterans Affairs
Washington, DC 20420

Circular 26-21-04
February 16, 2021

Approving Forbearance Requests for Veterans Affected by COVID-19

1. Background and Purpose. VA remains firmly committed to assisting Veterans as they experience financial hardships due to the COVID-19 pandemic. Veterans who have recently begun experiencing financial hardships due to the pandemic are uncertain about forbearance options available to them. Many Veterans who requested forbearance early on and have or will soon be coming to the end of their forbearance periods, are also uncertain. This Circular provides guidance for granting COVID-19 forbearance to Veterans who continue experiencing financial hardships, directly or indirectly, because of the pandemic.

2. Action.

a. Under this Circular, VA expects servicers to approve a Veteran's request for COVID-19 forbearance, or continued forbearance, if a Veteran is experiencing a financial hardship, directly or indirectly, due to COVID-19, and the hardship negatively affects the Veteran's ability to make on-time loan payments. Veterans with VA-guaranteed loans may be eligible for COVID-19 forbearance, regardless of the delinquency status of the VA-guaranteed loan. The Veteran's initial request for COVID-19 forbearance may be granted for up to six months. If needed by the Veteran, the Veteran may request, and VA expects the servicer to approve, additional COVID-19 forbearance for up to six months. Servicers may approve a Veteran's initial COVID-19 forbearance if the request is made on or before June 30, 2021. A COVID-19 forbearance period may extend through June 30, 2022.

b. For Veterans who requested their initial COVID-19 forbearance on or before June 30, 2020, VA expects that, if needed, the Veteran may request, and the servicer will approve, up to two additional three-month COVID-19 forbearance periods, after twelve months of COVID-19 forbearance. The Veteran must request each three-month extension individually. Neither of the two additional three-month COVID-19 forbearance periods may extend beyond December 31, 2021.

c. Any period of COVID-19 forbearance may be shortened at the Veteran's request.

d. The servicer should waive all late charges, fees, and penalties, if any, that might otherwise accrue because of payments missed during a COVID-19 forbearance.

e. The COVID-19 forbearance described in this guidance does not supersede or otherwise eliminate the special forbearance loss mitigation option defined in 38 C.F.R. § 36.4301.

3. Questions. Any questions regarding this Circular should be submitted via email to valerihelpdesk.vbaco@va.gov.

4. Rescission: This Circular is rescinded July 1, 2022.

By Direction of the Under Secretary for Benefits

Jeffrey F. London
Executive Director
Loan Guaranty Service

Distribution: CO: RPC 2024
SS (26A1) FLD: VBAFS, 1 each (Reproduce and distribute based on RPC 2024)

Veterans Benefits Administration
Department of Veterans Affairs
Washington, DC 20420

Circular 26-21-05
February 16, 2021

Extended Foreclosure and Eviction Relief for Borrowers Affected by COVID-19

1. Background and Purpose. Under chapter 37 of title 38, United States Code, and Executive Orders related to the COVID-19 national emergency, VA has taken numerous steps to help Veterans who are experiencing financial hardships, directly or indirectly, as a result of the COVID-19 pandemic. The purpose of this Circular is to extend foreclosure and eviction relief on properties secured by VA-guaranteed loans, including those previously secured by VA-guaranteed loans but currently in VA's Real Estate Owned (REO) portfolio.

2. Moratorium on Foreclosure and Eviction. Due to the ongoing COVID-19 national emergency and its impact on Veteran borrowers, all properties secured by VA-guaranteed loans, including those previously secured by VA-guaranteed loans but currently in VA's REO portfolio, are subject to a moratorium on foreclosure and eviction through June 30, 2021. Except with respect to a vacant or abandoned property, the moratorium applies to the initiation of foreclosures, the completion of foreclosures in process, and evictions.

3. Questions. Any questions regarding this Circular should be submitted via email to valerihelpdesk.vbaco@va.gov.

4. Rescission: This Circular is rescinded July 1, 2021.

By Direction of the Under Secretary for Benefits

Jeffrey F. London
Executive Director, Loan Guaranty Service

Distribution: CO: RPC 2024
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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING –
FEDERAL HOUSING COMMISSIONER

Date: February 16, 2021

Mortgagee Letter 2021-05

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All HUD-Approved Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject	Extensions of Single Family Foreclosure and Eviction Moratorium, Start Date of COVID-19 Initial Forbearance, and HECM Extension Period; Expansion of COVID-19 Loss Mitigation Options
Purpose	The purpose of this Mortgagee Letter (ML) is to inform Mortgagees of further extensions for the foreclosure and eviction moratorium, the COVID-19 Forbearance start date, and the COVID-19 Home Equity Conversion Mortgage (HECM) extension period. This ML also expands FHA's COVID-19 Loss Mitigation Options by implementing additional COVID-19 Forbearance and HECM extension periods for certain Borrowers, broadening Borrower eligibility for COVID-19 Loss Mitigation Options, and eliminating the restriction on the number of permanent COVID-19 Home Retention Options a Borrower can receive.
Effective Dates	The policies in this ML are effective immediately.
Public Feedback	HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at answers@hud.gov. HUD will consider the feedback in determining the need for future updates.

Affected Programs

This guidance applies to all FHA Title II Single Family programs.

Affected Topics

This ML supersedes ML 2021-03: *Extension of Foreclosure and Eviction Moratorium in Connection with the Presidentially-Declared COVID-19 National Emergency.*

This ML updates ML 2021-04: *Update to the COVID-19 Forbearance Start Date and the COVID-19 Home Equity Conversion Mortgage (HECM) Extension Period.*

This ML also provides updates to FHA's COVID-19 Loss Mitigation policies for Borrowers of FHA-insured forward Mortgages impacted by COVID-19 in section III.A.3.d. Presidentially-Declared COVID-19 National Emergency of HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).

For HECM Borrowers, this ML extends deadlines found in:

- ML 2015-10, *Home Equity Conversion Mortgage (HECM) Due and Payable Policies*
- ML 2015-11, *Loss Mitigation Guidance for Home Equity Conversion Mortgages (HECMs) in Default due to Unpaid Property Charges*
- 24 CFR § 206.125, *Acquisition and sale of the property* and § 206.205, *Property charges*

Summary of Changes

Changes to Loss Mitigation for Borrowers Affected by the COVID-19 National Emergency include:

- extending the foreclosure and eviction moratorium to June 30, 2021, and the deadline for the first legal action and the Reasonable Diligence Time Frame to 180 days;
- extending the COVID-19 Forbearance start date and HECM extension period to June 30, 2021;
- providing up to two additional three-month COVID-19 Forbearance periods or HECM extension periods for certain Borrowers;
- allowing additional Borrowers, regardless of delinquency status or participation on a COVID-19 Forbearance, to utilize FHA's COVID-19 Loss Mitigation Options; and
- removing the restriction on Borrowers receiving more than one COVID-19 Home Retention Option.

Background

President Joseph R. Biden has prioritized the response to, and recovery from, the COVID-19 pandemic. Housing is a critical component of the recovery and will be integral to rebuilding a more equitable and inclusive economic recovery while protecting people during the pandemic. The immediate actions of the Biden-Harris Administration, the increased rollout of COVID-19 vaccines, and projections by the Congressional Budget Office point to a positive economic recovery. Nevertheless, homeowners need immediate relief. To assist with the response to COVID-19 and the economic recovery, and in concert with its mission of sustaining homeownership, HUD is reviewing its policies and requirements in light of the ongoing and evolving challenges facing Borrowers and industry partners.

As a result of this review, HUD is further extending its foreclosure and eviction moratorium as well as the associated deadline for first legal action and Reasonable Diligence Time Frame. HUD initially announced the moratorium on March 18, 2020, and subsequently extended it five times to prevent Borrowers from losing their homes during the pandemic. This additional extension of the moratorium will provide further protection to Borrowers facing foreclosure during a time when people are advised to remain in their homes and be socially distanced. Further, HUD recognizes that additional time may be needed for Mortgagees to comply with the associated first legal deadline and Reasonable Diligence Time Frame as a result of court delays and a shortage of legal counsel due to the pandemic.

A key tool in retaining homeownership for many Borrowers during the pandemic has been the COVID-19 Forbearance, which provides for reduced or suspended payments, and the HECM Extension Periods protecting senior citizens from default and foreclosure. Both the COVID-19 Forbearance and the HECM Extension Period provide for an initial period of up to six months of relief and an extension of up to an additional six months. The current deadline for a Borrower to request the initial period of either the COVID-19 Forbearance or the HECM Extension Period has been extended four times in recognition of the ongoing nature of the pandemic. Due to the continued impacts on Borrowers across the country, HUD recognizes a need to further extend this deadline. Further, HUD also recognizes that the persistent and sustained nature of the pandemic has left many Borrowers who necessarily availed themselves of these tools early on approaching the end of this relief. Many of these Borrowers may need additional time to recover as the vaccine rollout increases and the economy improves.

In the early stages of the pandemic, HUD relied on its experience in previous disaster situations to limit the eligibility for streamlined Loss Mitigation Options to Borrowers who were not in Default prior to the pandemic. This was done to ensure that those Borrowers who were in Default prior to the pandemic received a full financial review to determine the appropriate Loss Mitigation Option tailored to their circumstances. Based on the length of its COVID-19 Forbearance, HUD also determined that only one permanent

COVID-19 Home Retention Option should be necessary to reinstate the Mortgage following the COVID-19 Forbearance. This measure was also intended to ensure that the delinquency was fully cured. Due to the length of the pandemic, and its impact across all sectors of the economy, HUD is expanding its streamlined options to additional Borrowers and removing the limitation on the number of permanent COVID-19 Home Retention Options available.

HUD believes these additional measures will provide Mortgagees a better toolbox with which to assist Borrowers in recovery from the impacts of the pandemic. HUD believes that the extension of these moratoria, in addition to the increased eligibility of Borrowers for Loss Mitigation, will help marginalized communities that have been disproportionately impacted by the COVID-19 pandemic. HUD also encourages Mortgagees and Borrowers alike to utilize the extensive network of HUD-approved Housing Counselors to expedite this additional relief, especially to underserved populations.

Moratorium on Foreclosures and Evictions and Extension of Deadlines

FHA-insured Single Family Mortgages, excluding vacant or abandoned Properties, are subject to an extension to the moratorium on foreclosure through June 30, 2021. The moratorium applies to the initiation of foreclosures and to foreclosures in process.

Evictions of persons from Properties securing FHA-insured Single Family Mortgages, excluding actions to evict occupants of legally vacant or abandoned Properties, are also suspended through June 30, 2021.

Deadlines for the first legal action and Reasonable Diligence Time Frame are extended to 180 days from the date of expiration of this moratorium for FHA-insured Single Family Mortgages, except for FHA-insured Mortgages secured by vacant or abandoned Properties.

Update to the COVID-19 Forbearance Start Date and HECM Extension Period

Mortgagees must approve the initial COVID-19 Forbearance or HECM Extension Period no later than June 30, 2021.

Single Family Housing Policy Handbook 4000.1

The following policy changes will be incorporated into Handbook 4000.1 as appears below.

Programs and Products (III.A.3)

Presidentially-Declared COVID-19 National Emergency Servicing and Loss Mitigation Program

d. Presidentially-Declared COVID-19 National Emergency

Loss Mitigation for Borrowers Affected by the COVID-19 National Emergency

i. Definitions

COVID-19 refers to the COVID-19 National Emergency declared on March 13, 2020.

The COVID-19 Forbearance provides Borrowers who experience an adverse impact on their ability to make on-time Mortgage Payments due to the COVID-19 pandemic with a forbearance period, upon request, which allows for one or more periods of reduced or suspended payments without specific terms of repayment.

The following COVID-19 Home Retention Options provide options to reinstate the Mortgage for Borrowers who are able to resume monthly or modified monthly Mortgage payments:

- Owner-Occupant Borrowers are eligible to be reviewed for the:
  - COVID-19 Standalone Partial Claim;
  - COVID-19 Owner-Occupant Loan Modification;
  - COVID-19 Combination Partial Claim and Loan Modification; and
  - COVID-19 FHA Home Affordable Modification Program (FHA-HAMP) Combination Loan Modification and Partial Claim with Reduced Documentation, which may include principal deferment and requires income documentation.
- Non-Occupant Borrowers are eligible to be reviewed for the COVID-19 Non-Occupant Loan Modification.

COVID-19 Home Disposition Options provide options for the disposition of a Property if the Borrower is unable to reinstate the Mortgage. The following COVID-19 Home Disposition Options are available to Owner-Occupant and Non-Occupant Borrowers:

- COVID-19 Pre-Foreclosure Sale (PFS); and
- COVID-19 Deed-in-Lieu (DIL) of Foreclosure.

ii. Standard

Upon Borrower request, Mortgagees must offer a COVID-19 Forbearance to any Borrower that experiences an adverse impact on their ability to make on-time Mortgage Payments due to the COVID-19 pandemic, regardless of Default status.

Owner-Occupant Borrowers must be reviewed for the COVID-19 Standalone Partial Claim, the COVID-19 Owner-Occupant Loan Modification, the COVID-19 Combination Partial Claim and Loan Modification, or the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation.

Non-Occupant Borrowers must be reviewed for the COVID-19 Non-Occupant Loan Modification.

Eligible Borrowers may receive more than one COVID-19 Home Retention Option.

Mortgagees must report the appropriate Loss Mitigation Option to HUD.

COVID-19 Loss Mitigation Options are not incentivized for Mortgagees.

(A) Borrowers who were on a COVID-19 Forbearance or other forbearance related to the COVID-19 Pandemic

The Mortgagee must review all Borrowers who were on a COVID-19 Forbearance or other forbearance related to the COVID-19 pandemic, for COVID-19 Loss Mitigation Home Retention and Home Disposition Options after the completion or expiration of the Borrower's forbearance period.

The Mortgagee must complete a Loss Mitigation Option for these Borrowers no later than 120 Days from the earlier of the date of completion or expiration of the forbearance. If the Borrower's forbearance has completed or expired on or prior to February 16, 2021, the Mortgagee has 120 Days from February 16, 2021, to complete the Loss Mitigation Option. For Home Disposition Options, a signed Approval to Participate (ATP) Agreement (form HUD-90045) or a signed DIL Agreement will meet this requirement.

(B) Borrowers who were not on a COVID-19 Forbearance or other forbearance related to the COVID-19 Pandemic

The Mortgagee must review all Borrowers who did not participate on a COVID-19 Forbearance or other forbearance related to the COVID-19 pandemic for COVID-19 Loss Mitigation Home Retention and Home Disposition Options when the Borrower is 90 or more Days Delinquent and the Borrower affirms they have been negatively impacted by

COVID-19. This expansion of eligibility for the COVID-19 Loss Mitigation Options for these Borrowers is temporary and will continue until HUD issues a further notice.

The Mortgagee must complete a Loss Mitigation Option for these Borrowers no later than 120 Days from the date of the Borrower's request for loss mitigation assistance. The Mortgagee must document the date of the request for loss mitigation assistance in the Servicing File.

iii. Forbearance for Borrowers Affected by the COVID-19 National Emergency (COVID-19 Forbearance) [Mortgagees must approve the initial COVID-19 Forward Forbearance no later than June 30, 2021.]

If a Borrower is experiencing a financial hardship negatively impacting their ability to make on-time Mortgage Payments due to COVID-19 and makes a request for a COVID-19 Forbearance, the Mortgagee must offer the Borrower a COVID-19 Forbearance.

The COVID-19 Forbearance allows for one or more periods of reduced or suspended payments without specific terms of repayment.

All FHA-insured Borrowers are eligible for a COVID-19 Forbearance, regardless of the delinquency status of the Mortgage.

The Mortgagee may utilize any available method for communicating with a Borrower regarding a COVID-19 Forbearance to meet these requirements. Acceptable methods of communication regarding a COVID-19 Forbearance include, but are not limited to, emails, text messages, fax, teleconferencing, websites, web portals, etc. If a Mortgagee sends out a general communication advising that a COVID-19 Forbearance is available, the Borrower may reply to that communication requesting a COVID-19 Forbearance, via email, phone call, or any other method of communication clearly made available to the Borrower by the Mortgagee.

The initial COVID-19 Forbearance period may be up to six months. If needed, an additional COVID-19 Forbearance period of up to six months may be requested by the Borrower and must be approved by the Mortgagee.

For Borrowers who requested their initial COVID-19 Forbearance on or before June 30, 2020, if needed, the Borrower may request, and the Mortgagee must approve, up to two additional three-month COVID-19 Forbearance periods, after 12 months of COVID-19 Forbearance. The Borrower must request each three-month extension individually. Neither of the two additional three-month COVID-19 Forbearance periods may extend beyond December 31, 2021.

No COVID-19 Forbearance period may extend beyond June 30, 2022.

The term of the initial and any additional COVID-19 Forbearance period may be shortened at the Borrower's request.

The Mortgagee must waive all Late Charges, fees, and penalties, if any, as long as the Borrower is on a COVID-19 Forbearance Plan.

iv. COVID-19 Home Retention Options

A Trial Payment Plan (TPP) is not required for a Borrower to be eligible for COVID-19 Loss Mitigation Options.

(A) COVID-19 Standalone Partial Claim

For any Owner-Occupant Borrower who is eligible for COVID-19 Loss Mitigation Options, the Mortgagee must evaluate the Borrower for the COVID-19 Standalone Partial Claim.

(1) Eligibility

The Mortgagee must ensure that:

- the Borrower indicates they have the ability to resume making on-time Mortgage Payments; and
- the Property is owner-occupied.

(2) Terms

The Mortgagee must ensure that:

- the COVID-19 Standalone Partial Claim fully reinstates the Mortgage;
- all Late Charges, fees, and penalties are waived except that Mortgagees are not required to waive Late Charges, fees, and penalties, if any, accumulated prior to March 1, 2020;
- the COVID-19 Standalone Partial Claim amount includes only arrearages, which consists of Principal, Interest, Taxes, and Insurance (PITI); and
- the COVID-19 Standalone Partial Claim does not exceed the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage, as listed in Statutory Maximum for Partial Claims (III.A.2.k.v(D)(2)(a)).

(3) Document Delivery Requirements

The Mortgagee must submit all required documentation for COVID-19 Standalone Partial Claims as listed under Delivery of Partial Claim Documents (III.A.2.k.v(J)(6)).

The Mortgagee is automatically granted a 90-Day extension to the six-month deadline for the recorded Mortgage.

If a Mortgagee experiences additional delays out of their control, including past the automatic 90-Day extension for the recorded Mortgage, that impact delivery of the Partial Claim documents, Mortgagees may file requests for an additional extension in accordance with Requests for Extensions of Time for Delivery of Partial Claim Documents (III.A.2.k.v(J)(7)).

(B) COVID-19 Owner-Occupant Loan Modification

For Borrowers who do not qualify for the COVID-19 Standalone Partial Claim, the Mortgagee must review the Borrower for a COVID-19 Owner-Occupant Loan Modification, which modifies the rate and term of the Mortgage.

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the following requirements for a COVID-19 Owner-Occupant Loan Modification.

(1) Eligibility

The Mortgagee must ensure that:

- the Borrower indicates they have the ability to make the modified Mortgage Payment; and
- the Property is owner-occupied.

(2) Terms

The Mortgagee must modify the Mortgage as follows:

- The Mortgagee must ensure that all Late Charges, fees, and penalties are waived except that Mortgagees are not required to waive Late Charges, fees, and penalties, if any, accumulated prior to March 1, 2020.
- The Mortgagee must only capitalize into a COVID-19 Owner-Occupant Loan Modification:
  - arrearages for unpaid accrued interest;
  - Mortgagee advances for escrowed items; and
  - an escrow shortage that falls below the target balance, calculated during an escrow analysis, that exceeds the amount of the Mortgagee's advances already capitalized in the modified Mortgage.
- The Mortgagee must ensure that the COVID-19 Owner-Occupant Loan Modification fully reinstates the Mortgage.
- The Mortgagee must ensure that the modified Mortgage, including Adjustable Rate Mortgages (ARM), Graduated Payment Mortgages (GPM), or Growing Equity Mortgages (GEM), is modified to a fixed rate Mortgage.

- The Mortgagee must ensure that the interest rate is no greater than the Market Rate as defined by HUD[1].
- The Mortgagee must ensure that the term for the modified Mortgage is 360 months.
    - The term may be less than 360 months if requested by the Borrower.
- The Borrower's Principal and Interest (P&I) may not increase under the COVID-19 Owner-Occupant Loan Modification unless:
    - The Borrower has exhausted the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage.
- HUD does not provide a model for COVID-19 Loan Modification documents, but the Mortgagee must ensure the FHA-insured Mortgage remains in first lien position and is legally enforceable.

(C) COVID-19 Combination Partial Claim and Loan Modification

For Owner-Occupant Borrowers who do not meet the eligibility and term requirements for a COVID-19 Standalone Partial Claim or a COVID-19 Owner-Occupant Loan Modification, the Mortgagee must review the Borrower for a COVID-19 Combination Partial Claim and Loan Modification.

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the following requirements for a COVID-19 Combination Partial Claim and Loan Modification.

(1) Eligibility

The Mortgagee must ensure that:

- the Borrower has not exceeded the 30 percent statutory maximum value of all Partial Claims for an FHA-insured Mortgage, as listed in Statutory Maximum for Partial Claims (III.A.2.k.v(D)(2)(a));
- the Borrower indicates they have the ability to make the modified Mortgage Payment; and
- the Property is owner-occupied.

(2) Terms

For the COVID-19 Combination Partial Claim and Loan Modification, the Mortgagee must ensure the following:

[1] Market Rate is a rate that is no more than 25 bps greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30-year fixed-rate conforming Mortgages (U.S. average), rounded to the nearest one-eighth of 1 percent (0.125 percent), as of the date the Loan Modification is approved.

- The Mortgagee must ensure that all Late Charges, fees, and penalties are waived except that Mortgagees are not required to waive Late Charges, fees, and penalties, if any, accumulated prior to March 1, 2020.
- The Mortgagee must only capitalize into the modified Mortgage of the COVID-19 Combination Partial Claim and Loan Modification:
    - arrearages for unpaid accrued interest;
    - Mortgagee advances for escrowed items; and
    - an escrow shortage that falls below the target balance, calculated during an escrow analysis, that exceeds the amount of the Mortgagee's advances already capitalized in the modified Mortgage.
- The Mortgagee must determine the maximum Partial Claim amount available that does not exceed the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage, as listed in Statutory Maximum for Partial Claims (III.A.2.k.v(D)(2)(a)). The Mortgagee must apply any remaining available Partial Claim amount toward the arrearage first, and then capitalize the remaining arrearage into the modified Mortgage.
- The Mortgagee must ensure that the COVID-19 Combination Partial Claim and Loan Modification fully reinstates the Mortgage.
- The Mortgagee must ensure that the modified Mortgage, including ARM, GPM, or GEM, is modified to a fixed rate Mortgage.
- The Mortgagee must ensure that the interest rate is no greater than the Market Rate as defined by HUD.
- The Mortgagee must ensure that the term for the modified Mortgage is 360 months.
    - The term may be less than 360 months if requested by the Borrower.
- The Borrower's monthly Mortgage Payment may increase.
- HUD does not provide a model for COVID-19 Loan Modification documents, but the Mortgagee must ensure the FHA-insured modified Mortgage remains in first lien position and is legally enforceable.

(3) Document Delivery Requirements

The Mortgagee must submit all required documentation for COVID-19 Partial Claims as listed under Delivery of Partial Claim Documents (III.A.2.k.v(J)(6)).

The Mortgagee is automatically granted a 90-Day extension to the six-month deadline for the recorded Mortgage.

If a Mortgagee experiences additional delays out of their control, including past the automatic 90-Day extension for the recorded Mortgage, that impact delivery of the Partial Claim documents, Mortgagees may file requests for an additional extension in accordance with Requests for Extensions of Time for Delivery of Partial Claim Documents (III.A.2.k.v(J)(7)).

(D) COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation

Borrowers may provide income documentation to be reviewed for an affordable monthly payment under a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation, which may include a principal deferment.

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the following requirements for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation.

(1) Eligibility

The Mortgagee must ensure that:

- the Property is owner-occupied;
- the Borrower has not exhausted the 30 percent statutory maximum value of all Partial Claims for an FHA-insured Mortgage; and
- the Borrower is not eligible for the COVID-19 Home Retention Options due to the following:
  - the Borrower is not eligible for the COVID-19 Standalone Partial Claim because the Borrower indicates they are unable to resume the existing monthly Mortgage Payments after the COVID-19 Forbearance; or
  - the Borrower is not eligible for the COVID-19 Combination Partial Claim and Loan Modification because the Borrower indicates they are unable to make the modified monthly Mortgage Payment under the COVID-19 Combination Partial Claim and Loan Modification.

(2) Terms

The Mortgagee must review the Borrower for an affordable monthly Mortgage Payment using the FHA-HAMP calculations in Step 5 of the Loss Mitigation Home Retention Waterfall Options (III.A.2.j.iii).

If required, a principal deferment may be utilized. No portion of the Partial Claim may be used to bring the modified PITI monthly payment below the targeted payment.

The following reduced income documentation requirements are adequate to review the Borrower for a COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation:

- the Borrower's most recent pay stub for wage income reflecting year-to-date earnings; or
- the Borrower's most recent bank statement reflecting deposits of income amounts from applicable sources; or
- other documentation (e.g., monthly statement of Social Security benefits, monthly pension statement) reflecting the amount of income.

For the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation, the Mortgagee must ensure the following:

- The Mortgagee must ensure that all Late Charges, fees, and penalties are waived except that Mortgagees are not required to waive Late Charges, fees, and penalties, if any, accumulated prior to March 1, 2020.
- The Mortgagee must only capitalize into the modified Mortgage:
  - arrearages for unpaid accrued interest;
  - Mortgagee advances for escrowed items; and
  - an escrow shortage that falls below the target balance, calculated during an escrow analysis, that exceeds the amount of the Mortgagee's advances already capitalized in the modified Mortgage.
- The Mortgagee must determine the maximum Partial Claim amount available that does not exceed the 30 percent maximum statutory value of all Partial Claims for an FHA-insured Mortgage, as listed in Statutory Maximum for Partial Claims (III.A.2.k.v(D)(2)(a)).
- The Mortgagee must ensure that the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation fully reinstates the Mortgage.
- The Mortgagee must ensure that the modified Mortgage, including ARM, GPM, or GEM, is modified to a fixed rate Mortgage.
- The Mortgagee must ensure that the interest rate is no greater than the Market Rate as defined by HUD.
- The Mortgagee must ensure that the term for the modified Mortgage is 360 months.
- The Borrower's monthly Mortgage Payment may increase.

- HUD does not provide a model for COVID-19 Loan Modification documents, but the Mortgagee must ensure the FHA-insured modified Mortgage remains in first lien position and is legally enforceable.

To allow adequate time to complete the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation, obtain all required signatures, and provide adequate notice to the Borrower of the new payment, Mortgagees may include an additional month in the total outstanding debt to be resolved. The Mortgagee must not provide the Borrower with any cash from the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim with Reduced Documentation.

(3) Document Delivery Requirements

The Mortgagee must submit all required documentation for COVID-19 Partial Claims as listed under Delivery of Partial Claim Documents (III.A.2.k.v(J)(6)).

The Mortgagee is automatically granted a 90-Day extension to the six-month deadline for the recorded Mortgage.

If a Mortgagee experiences additional delays out of their control, including past the automatic 90-Day extension for the recorded Mortgage, that impact delivery of the Partial Claim documents, Mortgagees may file requests for an additional extension in accordance with Requests for Extensions of Time for Delivery of Partial Claim Documents (III.A.2.k.v(J)(7)).

(E) COVID-19 Non-Occupant Loan Modification

The Mortgagee must review Non-Occupant Borrowers for a COVID-19 Non-Occupant Loan Modification, which modifies the rate and term of the Mortgage.

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the following requirements for a COVID-19 Non-Occupant Loan Modification.

(1) Eligibility

The Mortgagee must ensure that:

- the Borrower indicates they have the ability to make the modified Mortgage Payments; and
- the Property is not owner-occupied. The Property can be used as a Rental Property, Secondary Residence, or Vacation Home for the Borrower.

(2) Terms

The Mortgagee must modify the Mortgage as follows:

- The Mortgagee must ensure that all Late Charges, fees, and penalties are waived except that Mortgagees are not required to waive Late Charges, fees, and penalties, if any, accumulated prior to March 1, 2020.
- The Mortgagee must only capitalize into a COVID-19 Non-Occupant Loan Modification:
  - arrearages for unpaid accrued interest;
  - Mortgagee advances for escrowed items; and
  - an escrow shortage that falls below the target balance, calculated during an escrow analysis, that exceeds the amount of the Mortgagee's advances already capitalized in the modified Mortgage.
- The Mortgagee must ensure that the COVID-19 Non-Occupant Loan Modification fully reinstates the Mortgage.
- The Mortgagee must ensure that the modified Mortgage, including ARM, GPM, or GEM, is modified to a fixed rate Mortgage.
- The Mortgagee ensures that the interest rate is no greater than the Market Rate as defined by HUD.
- The Mortgagee must ensure that the term for the modified Mortgage is 360 months.
  - The term may be less than 360 months if requested by the Borrower.
- The Borrower's total monthly Mortgage Payment may increase.
- HUD does not provide a model for COVID-19 Loan Modification documents, but the Mortgagee must ensure the FHA-insured Mortgage remains in first lien position and is legally enforceable.

(3) Required Documentation

The Mortgagee must document the following in the Servicing File for any Non-Occupant Borrowers for the COVID-19 Non-Occupant Loan Modification:

- a copy of the rental agreement for each rental unit, if applicable; and
- a written statement from the Borrower stating:
  - that they are the landlord of the Property and their renter is impacted, directly or indirectly, by the COVID-19 pandemic and is either unable to make rent payments or has vacated the Property; or
  - that the Property is used as a Secondary Residence or a Vacation Home for the Borrower.

v. COVID-19 Home Disposition Options

Mortgagees must review Borrowers that are impacted, directly or indirectly, by COVID-19, that do not qualify for a COVID-19 Home Retention Option or indicate that they cannot resume making the monthly or the modified monthly Mortgage Payment, for the COVID-19 Home Disposition Options. The COVID-19 Home Disposition Options are available to Owner-Occupant and Non-Occupant Borrowers.

(A) COVID-19 Pre-Foreclosure Sale

A COVID-19 Pre-Foreclosure Sale (COVID-19 PFS) option is available for Borrowers who are experiencing a hardship affecting their ability to sustain the Mortgage due to COVID-19.

To evaluate Borrowers for the COVID-19 PFS option, Mortgagees must follow the Streamlined PFS requirements (III.A.2.l.ii), except as noted below.

(1) Eligibility

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the following requirements for a COVID-19 PFS.

For a Borrower to qualify for a COVID-19 PFS, the Mortgagee must ensure that:

- the Borrower indicates a financial hardship affecting their ability to sustain the Mortgage;
- the Borrower does not qualify for any COVID-19 Home Retention Options; and
- the Borrower and Mortgage must meet all PFS eligibility requirements except the Mortgagee is not required to review the Borrower for Borrower Eligibility (III.A.2.l.ii(B)(3).

(2) Terms

The Mortgagee must ensure the COVID-19 PFS meets all other Streamlined PFS program requirements outlined in Pre-Foreclosure Sales (III.A.2.l.ii), with the following exceptions:

- Under PFS Outreach Requirements (III.A.2.l.ii(C)), Mortgagees may utilize any available means of communication to provide the Borrower with form HUD-90035.
- Mortgagee PFS Incentive (III.A.2.l.ii(P)) does not apply to COVID-19 PFS.

(B) COVID-19 Deed-in-Lieu of Foreclosure

A COVID-19 Deed-in-Lieu (DIL) of Foreclosure (COVID-19 DIL) is a COVID-19 Home Disposition Option in which a Borrower voluntarily offers the deed as collateral Property to HUD in exchange for a release from all obligations under the Mortgage.

A COVID-19 DIL option is available for Borrowers who are experiencing a hardship affecting their ability to sustain the Mortgage due to the COVID-19 pandemic, and who were unable to complete a COVID-19 PFS transaction at the expiration of the PFS marketing period.

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage meet the following eligibility and program requirements. To evaluate Borrowers for the COVID-19 DIL, Mortgagees must follow the Streamlined DIL requirements outlined in Deed in Lieu of Foreclosure (III.A.2.l.iii), except as noted below.

(1) Eligibility

The Mortgagee must ensure that the Borrower and the FHA-insured Mortgage:

- meet the requirements for COVID-19 PFS transactions;
- was unable to complete a COVID-19 PFS transaction by the expiration of the PFS marketing period; and
- meet all Streamlined DIL eligibility requirements except:
    - the Borrower Eligibility Streamlined DIL Standards (III.A.2.l.iii(B)(2)(a)(ii)), which are not required for the COVID-19 DIL; and
    - Mortgagees are not required to submit a request for National Servicing Center (NSC) approval via Extensions and Variances Automated Requests System (EVARS) for approval to offer a COVID-19 DIL Option to a Borrower who owns more than one FHA-insured Property as outlined in DIL Exceptions for Borrowers with More than One FHA-Insured Mortgage (III.A.2.l.iii.(B)(2)(d)).

(2) Terms

The Mortgagee must ensure the COVID-19 DIL meets all other Streamlined DIL program requirements outlined in Deed-in-Lieu of Foreclosure (III.A.2.l.iii), with the following exceptions:

- Mortgagee DIL Compensation (III.A.2.l.iii(H)) does not apply to COVID-19 DIL.
- Extensions for Foreclosure Time Frames (III.A.2.l.iii(I)): if the DIL follows a failed COVID-19 PFS, it must be

completed or foreclosure must be initiated within 90 Days of the termination or expiration of the PFS ATP Agreement (form HUD-90045).

vi. Single Family Default Reporting Requirements for Borrowers Affected by the COVID-19 National Emergency in Loss Mitigation

Servicers must report the Delinquency/Default Reason (DDR) codes that apply to the Borrower at the end of each reporting cycle and must update the code as the Borrower's circumstances change.

(A) Default Reason Code Reporting

Mortgagees must use Default Reason Code 055 – Related to National Emergency Declaration to report that the delinquency is a result of impacts of the COVID-19 pandemic. Default Reason Code 055 must be reported for all Borrowers utilizing COVID-19 Loss Mitigation Options, regardless of prior delinquency status and participation on a COVID-19 Forbearance or other forbearance related to the COVID-19 pandemic.

(B) Default Status Code Reporting

Mortgagees must report the Default Status Codes detailed below for all FHA-insured Mortgages utilizing the COVID-19 Loss Mitigation Options.

If the Mortgage is newly defaulted, Mortgagees must report Status Code 42 – Delinquent prior to reporting any other Status Codes.

The Mortgagee must report Status Code 53 – Combination Partial Claim/Modification Started (Non-FHA-HAMP) if the Mortgagee has approved the Borrower for this Loss Mitigation Option.

Mortgagees should report the correct Status Code as follows:

- Status Code 06 – Formal Forbearance Plan for the COVID-19 Forbearance
- Status Code 10 – Partial Claim Started for the COVID-19 Standalone Partial Claim
- Status Code 28 – Modification Started with an Occupancy Status Code 1 (Occupied by Borrower) for the COVID-19 Owner-Occupant Loan Modification
- Status Code 53 - Combination Partial Claim/Modification Started (Non-FHA-HAMP) for the COVID-19 Combination Partial Claim and Loan Modification
- Status Code 28 – Modification Started with the applicable Occupancy Status Code that indicates the type of non-borrower occupancy for the COVID-19 Non-Occupant Loan Modification

- Status Code 41 – FHA-HAMP Modification/Partial Claim Started for the COVID-19 FHA-HAMP Combination Loan Modification and Partial Claim Reduced Documentation Option
- Status Code 15 – Pre-foreclosure Acceptance Plan Available for the COVID-19 PFS
- Status Code 44 – Deed-in-Lieu Started for the COVID-19 DIL
- Status Code AH – Streamlined Financials Received and In Review should be reported prior to Status Codes 41, 15, and 44 as appropriate

No TPP is required for the COVID-19 Loss Mitigation Options. Therefore, Mortgagees are not required to report Status Code 08 – Trial Payment Plan prior to reporting Status Codes 10, 28, or 53.

Status Code 39 – FHA-HAMP Trial Payment Plan is also not required to be reported prior to Status Code 41 – FHA-HAMP Modification/Partial Claim Started.

vii. Extension of First Legal Deadline Date

Deadlines for the first legal action and Reasonable Diligence Time Frame are extended to 180 Days from the date of expiration of the foreclosure and eviction moratorium for FHA-insured Single Family Mortgages, except for FHA-insured Mortgages secured by vacant or abandoned Properties.

viii. Required Financial Evaluation for other Loss Mitigation Options [Text was deleted in this section.]

The Mortgagee must evaluate any Borrower who is not eligible for a COVID-19 Home Retention or Disposition Option for HUD's standard Loss Mitigation Home Retention Options (III.A.2.k) and Home Disposition Options (III.A.2.l).

ix. Terms of the Mortgage are Unaffected

Nothing in this section confers any right to a Borrower to any loss mitigation or any other action by HUD or the Mortgagee. Further, nothing in this section interferes with any right of the Mortgagee to enforce its private contractual rights under the terms of the Mortgage. All private contractual rights and obligations remain unaffected by anything in this section. Where a Mortgagee chooses to enforce its contractual rights after expiration of the COVID-19 Forbearance, the standard time frames to initiate foreclosure and reasonable diligence in prosecuting foreclosure following expiration of a foreclosure moratorium will apply.

x. Reporting to Consumer Reporting Agencies of Borrowers Impacted by COVID-19 National Emergency

Any Borrower who is granted a COVID-19 Forbearance and is otherwise performing as agreed is not considered to be delinquent for purposes of credit reporting.

FHA requires Servicers to comply with the credit reporting requirements of the Fair Credit Reporting Act (FCRA); however, FHA encourages Servicers to consider the impacts of the COVID-19 National Emergency on Borrower's financial situations and any flexibilities a Servicer may have under the FCRA when taking any negative credit reporting actions.

xi. Exclusion of COVID-19 from FHA's Presidentially-Declared Major Disaster Areas (PDMDA)

For Borrowers impacted by the COVID-19 National Emergency and whose mortgaged Property is located in a COVID-19 PDMDA, the policy in this section applies in lieu of FHA's PDMDA guidance listed in Presidentially-Declared Major Disaster Areas (III.A.3.c), for the purposes of this National Emergency only.

For Mortgagees that have begun using FHA's PDMDA Loss Mitigation Options (III.A.3.c), they must convert to the COVID-19 Loss Mitigation Options listed in this section.

xii. Borrowers Impacted by COVID-19 and a PDMDA

For Borrowers impacted by a PDMDA during the COVID-19 pandemic:

- For Borrowers who are already on a COVID-19 Loss Mitigation Option, including a COVID-19 Forbearance, before the date of a new PDMDA Disaster Declaration, the Mortgagee must continue to follow the COVID-19 Loss Mitigation guidance.
- For all other Borrowers, the Mortgagee must evaluate the Borrower for all Loss Mitigation Options available to them, including any PDMDA or COVID-19 Loss Mitigation Options, based on their reason for hardship.

For any buildings in a PDMDA that are Substantially Damaged, Mortgagees must follow the PDMDA guidance in Monitoring of Repairs to Substantially Damaged Homes (III.A.3.c.iii). This requirement applies to all Properties covered by a non-COVID-19 PDMDA during the COVID-19 pandemic, including those already under a COVID-19 Loss Mitigation Option, such as COVID-19 Forbearance.

Extension Period for HECMs Affected by the Presidentially Declared COVID-19 National Emergency

Extension Period for Home Equity Conversion Mortgages (HECM) Affected by COVID-19

For HECMs that are Not in a Due and Payable Status

Upon request of the Borrower, the Mortgagee must delay submitting a request to call a loan due and payable. The initial extension period may be up to six months. If needed, an additional period of up to six months may be approved by HUD.

For Borrowers who requested their initial extension period on or before June 30, 2020, the Borrower may request, and the Mortgagee must approve, up to two additional three-month extension periods. The Borrower must request each three-month extension individually. Neither of the two additional three-month extension periods may extend beyond December 31, 2021.

No extension period may extend beyond June 30, 2022.

The term of either the initial or any extended extension period may be shortened at the Borrower's request. The Mortgagee must waive all Late Charges, fees, and penalties, if any, as long as the HECM is in an extension period.

Mortgagees must notify HUD of any additional extension periods by submitting an extension request into Home Equity Reverse Mortgage Information Technology (HERMIT).

For HECMs that are in a Due and Payable Status

For loans that have become automatically due and payable, entered into a deferral period (including deadlines necessary for loans to enter a deferral period), or became due and payable with HUD approval, the Borrower may request, or the Mortgagee may take, an automatic extension for any deadline relating to foreclosure and claim submission for a period of up to six months. If needed, an additional period of up to six months may be approved by HUD.

For HECMs that entered an initial extension period on or before June 30, 2020, the Borrower may request, or the Mortgagee may take, two additional three-month extension periods. If a Borrower requests the additional three-month extension periods, the Mortgagee must approve them. The Borrower must request each three month extension individually. Neither of the two additional three-month extension periods may extend beyond December 31, 2021.

No extension period may extend beyond June 30, 2022.

The term of either the initial or any extended extension period may be shortened at the Borrower's request. The Mortgagee must waive all Late Charges, fees, and penalties, if any, as long as the HECM is in an extension period.

Mortgagees must notify HUD of any additional extensions by submitting an extension request into HERMIT.

Paperwork Reduction Act

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0595; 2502-0600; and 2502-0610. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions

Any questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALL-FHA. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this ML, please visit www.hud.gov/answers.

Signature

Susan A. Betts
Deputy Assistant Secretary for
Finance and Budget

News Release

FHFA Extends Foreclosure and REO Eviction Moratoriums and COVID Forbearance Period

Borrowers can now be in COVID forbearance for up to 15 months

FOR IMMEDIATE RELEASE

2/9/2021

Washington, D.C. – Today, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac (the Enterprises) are extending the moratoriums on single-family foreclosures and real estate owned (REO) evictions until March 31, 2021. The foreclosure moratorium applies to Enterprise-backed, single-family mortgages only. The REO eviction moratorium applies to properties that have been acquired by an Enterprise through foreclosure or deed-in-lieu of foreclosure transactions. The current moratoriums were set to expire on February 28, 2021.

FHFA also announced that borrowers with a mortgage backed by Fannie Mae or Freddie Mac may be eligible for an additional forbearance extension of up to three months. Eligibility for the extension is limited to borrowers who are on a COVID-19 forbearance plan as of February 28, 2021, and other limits may apply. Further, COVID-19 Payment Deferral for borrowers with an Enterprise-backed mortgage can now cover up to 15 months of missed payments. COVID-19 Payment Deferral allows those borrowers to repay their missed payments at the time the home is sold, refinanced, or at mortgage maturity.

"To keep families in their home during the pandemic, FHFA is allowing borrowers to be in COVID-19 forbearance for up to 15 months and extending the Enterprises' foreclosure and eviction extension," said Director Mark Calabria.

Currently, FHFA projects expenses of $1.5 to $2 billion will be borne by the Enterprises due to the existing COVID-19 foreclosure moratorium and its extension. FHFA continues to monitor the effect of the COVID-19 servicing policies on borrowers, the Enterprises and their counterparties, and the mortgage market. FHFA may extend or sunset its policies based on the data and the health risk.

###

The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 11 Federal Home Loan Banks. These government-sponsored enterprises provide more than $6.7 trillion in funding for the U.S. mortgage markets and financial institutions. Additional information is available at **www.FHFA.gov**, on Twitter, **@FHFA**, **YouTube**, **Facebook,** and **LinkedIn**.

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Fannie Mae

Lender Letter (LL-2021-02)

Updated: Feb. 10, 2021

To: All Fannie Mae Single-Family Servicers
Impact of COVID-19 on Servicing

This Lender Letter contains the policies previously published in LL-2020-02 on Dec. 9, 2020, with the changes noted below. As we continue to monitor the COVID-19 pandemic and collaborate with the FHFA and Freddie Mac (as applicable) on COVID-19 related servicing policies, we will update and republish this Lender Letter as necessary. The policies in this Lender Letter are effective until Fannie Mae provides further notice, unless otherwise stated.

Feb. 10, 2021

- Extending the suspension of foreclosure-related activities
- Updating our requirements related to forbearance plans for borrowers impacted by COVID-19

Jan. 20, 2021

- Extending the suspension of foreclosure-related activities
- Slightly reorganized content, with the policy impacted by an explicit expiration date showing first, and removed the following policies that have been superseded:
  - Sending a payment reminder notice
  - Principal & interest advances on delinquent mortgage loans
  - Submission of financial statements and reports
  - Reference to the post-disaster forbearance mortgage loan modifications when evaluating a borrower for a workout option after a forbearance plan

Suspension of foreclosure activities and certain bankruptcy requirements Updated Jan. 20, Feb. 10

Servicers must continue the suspension of the following foreclosure-related activities through Mar. 31, 2021. Servicers may not, except with respect to a vacant or abandoned property:

- initiate any judicial or non-judicial foreclosure process,
- move for a foreclosure judgment or order of sale, or
- execute a foreclosure sale.

This suspension does not apply to mortgage loans secured by properties that have been determined to be vacant or abandoned.

We generally require servicers to file motions for relief from the automatic stay in bankruptcy cases upon certain milestones. In light of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and other impacts resulting from the COVID-19 National Emergency, on Apr. 8, 2020, we temporarily relieved servicers of the obligation to meet these timelines. We are continuing this temporary suspension. Servicers must continue to work with their bankruptcy counsel to determine the appropriate time to file such motions.

Mortgage Insurance Termination

When verifying an acceptable payment record for a borrower that has had a financial hardship related to COVID-19 in which the servicer provided

- a COVID-19 related forbearance plan, repayment plan, or Trial Period Plan and the borrower complied with the terms of such plan;
- a payment deferral; or
- a COVID-19 payment deferral and the borrower made three consecutive monthly payments following completion of the payment deferral,

the servicer must not consider any payment that is 30 or more days past due in the last 12 months, or 60 or more days past due in the last 24 months that is attributable to the COVID-19 financial hardship. The mortgage loan must be current when the termination is requested, which means the mortgage loan payment for the month preceding the date of the termination request was paid.

> **NOTE:** *These requirements apply when reviewing the borrower's request for termination of conventional MI based on either original or current value of the property.*

Disbursing insurance loss proceeds

In response to servicer inquiries and in an effort to repair properties that experience an insured loss event as expeditiously as possible, we are updating our requirements for determining the mortgage loan status for disbursing insurance loss proceeds for a borrower impacted by COVID-19. The servicer must consider the loan to be current or less than 31 days delinquent for purposes of disbursing insurance loss proceeds if

- the borrower experienced a COVID-19 related hardship;
- the mortgage loan was current or less than two months delinquent as of Mar. 1, 2020, the effective date of the National Emergency declaration related to COVID-19; and
- at the time of the loss event, the borrower is performing on a COVID-19 related forbearance plan, repayment plan, or Trial Period Plan.

The servicer must otherwise disburse the proceeds in accordance with *Servicing Guide* B-5-01, Insured Loss Events.

The servicer must document in the mortgage loan servicing file the date that the COVID related hardship began and the date of the insured loss event.

Impact of COVID-19 on Fannie Mae Home Affordable Modification Program (HAMP) "Pay for Performance" incentives

In LL-2020-07, *COVID-19 Payment Deferral*, we clarified that if the mortgage loan was previously modified pursuant to a HAMP modification under which the borrower remains in "good standing," then the borrower will not lose any "pay for performance" incentives if the borrower was on a COVID-19 related forbearance plan or had a COVID-19 related hardship immediately preceding the COVID-19 payment deferral. We are clarifying that, additionally, the borrower will not lose any future HAMP "pay for performance" incentives if the borrower

- immediately reinstates the mortgage loan upon expiration of the COVID-19 related forbearance plan, or
- transitions directly from a COVID-19 related forbearance plan to a repayment plan.

Modifying seller/servicer financial liquidity requirements for mortgage loans in forbearance

In response to the national emergency, we are announcing a temporary modification of the non-depository seller/servicer minimum liquidity requirement for seriously delinquent (SDQ) mortgage loans. The changes indicated below were implemented beginning with the financial quarter ending Jun. 30, 2020.

As stated in *Selling Guide* A4-1-01, Maintaining Seller/Servicer Eligibility, the minimum liquidity requirement is equal to 0.035% of the unpaid principal balance (UPB) of mortgage loans serviced by a non-depository seller/servicer for Fannie Mae, Freddie Mac, and Ginnie Mae if the Agency SDQ rate is 6% or less. If the Agency SDQ rate is above 6%, the seller/servicer must also maintain at least an SDQ add-on of 2% of the UPB of Agency SDQ rate over 6%.

Under the existing seller/servicer eligibility requirements, the Agency SDQ Rate is defined as 100 multiplied by (the UPB of mortgage loans 90 days or more delinquent or in foreclosure for Fannie Mae, Freddie Mac, and Ginnie Mae/Total UPB of mortgage loans serviced for Fannie Mae, Freddie Mac, and Ginnie Mae). Beginning with the financial quarter ending Jun. 30, 2020, the Agency SDQ Rate will include an adjustment for mortgage loans in a COVID-19 related forbearance plan that are 90 days or more delinquent and were current at the inception of the COVID-19 related forbearance plan. The UPB of such mortgage loans shall be multiplied by .30 and added to the UPB for SDQ mortgage loans for the purposes of determining the numerator in the calculation of the Agency SDQ Rate. Refer to the Appendix link for examples.

When the COVID-19 related forbearance period ends for a mortgage loan, the mortgage loan's status will become subject to, by the end of the quarter following the end of the COVID-19 related forbearance period, the minimum financial seller/servicer eligibility requirements in place at that time.

To accommodate these changes, the Mortgage Bankers Financial Reporting Form (MBFRF Form 1002) was modified to capture forbearance activity.

Reclassification of MBS mortgage loans

The Amended and Restated 2007 Single-Family Master Trust Agreement (the "2007 Trust Agreement") applies to MBS mortgage loans with pool issue dates on or after Jun. 1, 2007 through Dec. 1, 2008. As described in *Servicing Guide* F-1-25, Reclassifying or Voluntary Repurchasing an MBS Mortgage Loan, and in accordance with the 2007 Trust Agreement, we remove such mortgage loans from the MBS pool after the sixth consecutive month of continuing forbearance. Selection for reclassification is based on the servicer's monthly delinquency status reporting to Fannie Mae.

In response to the CARES Act, we are updating our reclassification process for mortgage loans in these MBS pools when a borrower impacted by COVID-19 is provided a forbearance plan. Such mortgage loans will not be removed from the MBS pool for the duration of the forbearance plan under the CARES Act, in accordance with the 2007 Trust Agreement, which permits mortgage loans to remain in trust longer than six consecutive months when the forbearance plan is required by applicable law.

These changes became effective with the Jun. 2020 monthly delinquency status reporting cycle and will apply when the servicer reports delinquency status code 09 (Forbearance) and reason for delinquency code 022 (Energy-Environment Costs), as reassigned pursuant to this Lender Letter for reporting a hardship associated with COVID-19.

Complying with law

Servicers are reminded that in accordance with *Servicing Guide* A2-1-08, Compliance with Requirements and Laws, they must comply with applicable law even where a provision of the *Servicing Guide* may conflict with applicable law.

Attempting to establish quality right party contact (QRPC) Updated Feb. 10

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 applicable law, the servicer is considered to be in compliance with our *Servicing Guide*.

In accordance with *Servicing Guide* A4-2.1-04, Establishing Contact with the Borrower, among other requirements, the servicer is authorized to use various outreach methods to contact the borrower as permitted by applicable law, including, but not limited to:

- mail,
- email,
- texting, and
- voice response unit technology.

Reporting a reason for delinquency code

The servicer must report delinquency status information to Fannie Mae through Fannie Mae's servicing solutions system in accordance with *Servicing Guide* D2-4-01, Reporting a Delinquent Mortgage Loan to Fannie Mae and F-1-21, Reporting a Delinquent Mortgage Loan via Fannie Mae's Servicing Solutions System.

In an effort to enable us to identify mortgage loans where the borrower has experienced a hardship associated with COVID-19 while not resulting in a systems impact for us or you, the servicer must report reason for delinquency code 022, Energy-Environment Costs, when reporting the delinquency status of such mortgage loans to us . If the borrower's COVID-19 related hardship remains unresolved and the borrower experiences another hardship concurrently (for example, a disaster event), the servicer must continue to report reason for delinquency code 022, Energy- Environment Costs, regardless of the reason for delinquency associated with the concurrent hardship.

For mortgage loans where the servicer would have otherwise reported reason for delinquency code 022 due to Energy-Environment Costs, the servicer must now use reason for delinquency code 007, Excessive Obligations.

Property inspections and preservation

As a result of the impact of COVID-19, we are temporarily providing flexibility with respect to the completion of property inspections and preservation, including:

- inspections for properties securing a delinquent mortgage loan as described in *Servicing Guide* D2-2-10, Requirements for Performing Property Inspections;
- inspections related to hazard loss repairs as described in *Servicing Guide* B-5-01, Insured Loss Events, and
- property preservation activities as described in *Servicing Guide* E-3.2-12, Performing Property Preservation During Foreclosure Proceedings.

The following table describes when the servicer must not conduct property inspections and property preservation activities for a property securing a mortgage loan where the borrower is experiencing a hardship related to COVID-19, depending on the status of the mortgage loan at the time of the effective date of the National Emergency declaration related to COVID-19.

If on Mar. 1, 2020, the mortgage loan was…	Then the servicer must…
current or less than 30 days delinquent and the borrower becomes delinquent	not complete property inspections during the forbearance plan or an active post-forbearance plan workout option.
delinquent and the property was not vacant or abandoned	
delinquent and the property was reported as vacant or abandoned	follow the property inspection requirements in *Inspecting a Property Securing a Delinquent Mortgage Loan* in *Servicing Guide* D2-2-10, Requirements for Performing Property Inspections and property preservation requirements in *Servicing Guide* E-3.2-12, Performing Property Preservation During Foreclosure Proceedings.

> **NOTE:** *For mortgage loans that are delinquent and not on a forbearance plan, servicers must continue to follow the inspection requirements in in Inspecting a Property Securing a Delinquent Mortgage Loan in* D2-2-10.

If the mortgage loan is not brought current upon expiration of the forbearance plan, or if the borrower is not approved for a post-forbearance workout option as determined based on QRPC, the servicer must follow the property inspection requirements in *Inspecting a Property Securing a Delinquent Mortgage Loan* in D2-2-10.

If the servicer is unable to complete a property inspection or property preservation activity in accordance with the *Servicing Guide*, it must document their efforts and the reason for any exception in the mortgage loan file.

> **NOTE:** *The servicer's inability to complete property inspections due to COVID-19 related impacts must not impact the servicer's disbursement of insurance loss proceeds.*

As a reminder, D2-2-10 authorizes a curbside (drive-by) inspection if there is potential danger to the inspector. Additionally, the *Property Preservation Matrix and Reference Guide* authorizes servicers to utilize alternative data or other means available to determine occupancy status when inspection results are unknown due to lack of access.

For additional questions, contact

- Property_Preservation@fanniemae.com regarding property inspections for delinquent mortgage loans
- Hazard_Loss@fanniemae.com regarding hazard loss inspections

Forbearance plan terms **Updated Feb. 10**

The servicer must follow the requirements in *Servicing Guide* D2-3.2-01, Forbearance Plan, when evaluating the borrower for and offering a forbearance plan, including achieving QRPC with the borrower, unless otherwise stated in this Lender Letter.

The following flexibilities apply to a forbearance plan for a borrower with a financial hardship resulting from COVID-19:

- The property securing the mortgage loan may be either a principal residence, a second home, or an investment property.
- The servicer is authorized to permit a cumulative forbearance plan term of up to 12 months as measured from the start date of the initial forbearance plan regardless of the delinquency status of the mortgage loan.

We are providing the following additional flexibilities for a mortgage loan actively performing on a COVID-19 related forbearance plan as of February 28, 2021:

- If upon reaching a cumulative forbearance plan term of 12 months as measured from the start date of the initial forbearance plan the servicer determines the borrower's hardship has not been resolved, the servicer is authorized to grant an extension of the forbearance plan term of up to 3 months.
- The servicer must receive Fannie Mae's prior written approval for a forbearance plan to
  - exceed a cumulative term of 15 months as measured from the start date of the initial forbearance plan, or
  - result in the mortgage loan becoming greater than 15 months delinquent.

> **NOTE:** *The servicer's determination to extend the forbearance plan as described above must be as a result of achieving QRPC.*

As stated in D2-3.2-01, the forbearance plan terms must be provided to the borrower using the appropriate Evaluation Notice, which must be revised in accordance with applicable law. In addition, the servicer must document in the individual mortgage loan file the borrower's request for a forbearance plan and the terms of the initial and any extended forbearance plan, including the duration of the forbearance period.

Evaluating the borrower for a workout option after a forbearance plan

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, and 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, we are providing flexibility with regard to achieving QRPC. We are 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.

In Lender Letter LL-2020-07, *COVID-19 Payment Deferral* we introduced COVID-19 payment deferral, a new home retention workout option jointly developed with Freddie Mac at the direction of FHFA, to assist borrowers who have resolved their COVID-19 related hardship. The servicer must evaluate borrowers for a COVID-19 payment deferral in accordance with the eligibility requirements and evaluation hierarchy described in the Lender Letter.

Credit bureau reporting

The servicer must report the status of the mortgage loan to the credit bureaus in accordance with *Servicing Guide* C-4.1-01, Notifying Credit Repositories, and applicable law, including the Fair Credit Reporting Act (FCRA) as amended by the CARES Act, for borrowers affected by the COVID-19 emergency.

Use of Fannie Mae's Disaster Response Network

Our Disaster Response Network (DRN) is operational and can be used to assist borrowers who are financially impacted by COVID-19. The DRN has trained financial counselors who will work with borrowers to create a workable budget based upon the borrower's present financial situation and assist in explaining options including obtaining unemployment benefits and any new special assistance. We encourage servicers to refer Fannie Mae borrowers to our DRN at 1-877-542-9723.

Additional resources

We offer a wealth of information and resources for servicers to help borrowers deal with the challenges assocated with COVID-19:

- Single-family Here to Help COVID-19 website
- Ask Poli Servicing
- Ask Poli Selling

We will continue to monitor the situation and alert you of any additional policy updates. Servicers who have questions about this Lender Letter should contact their Fannie Mae Account Team, Portfolio Manager, or Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643).
Have Guide questions? Get answers to all your policy questions, straight from the source. Ask Poli.

Appendix

Refer to the examples below related to calculating the non-depository seller/servicer minimum liquidity requirement.

Example #1

Agency Servicing UPB: $50,000,000
Agency Servicing SDQ UPB: $3,500,000 (7% SDQ rate)
COVID-19 Portion of Agency Servicing SDQ UPB[1]: $1,000,000
The base liquidity requirement is .035% of the Agency Servicing UPB calculated as follows:

0.035%* $50,000,000 = $17,500

In the example above, the Agency Servicing SDQ rate is above the 6% threshold for the Liquidity Add-On. Under the temporary guidance, the portion of Agency SDQ loans shown above that is related to COVID-19 forbearance loans is multiplied by .30 to derive the numerator used for calculating the adjusted Agency SDQ Rate of 5.6% as follows:

$2,500,000 + ($1,000,000 *.30) = $2,800,000/$50,000,000 * 100

As shown above, the $2.5 million represents the difference between Total Agency SDQs and COVID-19 related SDQs. The $1 million * .30 is the calculation adjustment to COVID-19 SDQ loans. The combined $2.8 million is the numerator used to calculate the Agency Servicing SDQ rate. In this example, the Agency Servicing SDQ rate decreases from 7% to 5.6%-- less than 6% SDQ threshold to trigger the Liquidity Add-on. The Liquidity Add-on is ***not*** applicable in this example.

Base Liquidity Requirement:	**$17,500**
Liquidity Add-on:	**Not Applicable**
Minimum Liquidity Requirement	**$17,500**

Example #2

Agency Servicing UPB: $50,000,000
Agency Servicing SDQ UPB: $7,000,000 (14% SDQ rate)
COVID-19 Portion of Agency Servicing SDQ UPB[1]: $3,000,000
The base liquidity requirement is .035% of the Agency Servicing UPB calculated as follows:

0.035%* $50,000,000 = $17,500

In the example above, the Agency Servicing SDQ rate is above the 6% threshold for the Liquidity Add-on. Under the temporary guidance, the portion of Agency SDQ loans show above that is related to COVID-19 related forbearance loans is multiplied by .30 to derive the numerator for calculating the adjusted Agency SDQ Rate of 9.8% as:

$4,000,000 + ($3,000,000 *.30) = $4,900,000/$50,000,000 * 100

As shown above, the $4 million represents the difference between Total Agency SDQs and COVID-19 related SDQs. The $3 million * .30 is the calculation adjustment to COVID-19 SDQ loans. The combined $4.9 million is the numerator used to calculate the Agency Servicing SDQ rate. In this example, the Agency Servicing SDQ rate decreases from 14% to 9.8%-- which is above the 6% threshold to trigger the Liquidity Add-on. The Liquidity Add-on is applicable only on the UPB portion above 6% SDQ rate calculated as follows:

2%*$50,000,000*(9.8%-6.0%)= $38,000

Base Liquidity Requirement:	**$17,500**
Liquidity Add-on:	**$38,000**
Minimum Liquidity Requirement	**$55,500**

[1]COVID-19 SDQ refers to mortgage loans in a COVID-19 related forbearance plan that are 90 days or more delinquent and were current at the inception of the COVID-19 related forbearance plan.

Freddie Mac Single-Family

Bulletin

TO: Freddie Mac Servicers | **February 10, 2021 | 2021-6**

SUBJECT: TEMPORARY SERVICING GUIDANCE RELATED TO COVID-19

Freddie Mac has published several Guide Bulletins in 2020 and 2021 with guidance for assisting Borrowers who have been impacted by a COVID-19 hardship. As part of our continuing effort to support Servicers in their work to assist Borrowers who have a hardship due to COVID-19, we are announcing an extension of the COVID-19 foreclosure moratorium and temporary updates to forbearance plans for Borrowers with a COVID-19 hardship and to the COVID-19 Payment Deferral.

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

EXTENSION OF THE COVID-19 FORECLOSURE MORATORIUM

We are extending the foreclosure moratorium last announced in Guide Bulletin 2021-3. Servicers must suspend all foreclosure actions, including foreclosure sales, through **March 31, 2021**. This includes initiation of any judicial or non-judicial foreclosure process, move 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.

COVID-19 FORBEARANCE PLAN

To assist some Borrowers who enrolled in the COVID-19 forbearance plan in early 2020 and have reached the end of their 12-month term without having resolved their hardship and may need additional forbearance of their monthly Mortgage payments, we are extending the allowable term of the COVID-19 forbearance in accordance with the temporary requirements described in the table below for Borrowers who:

- Have a COVID-19 related hardship; and
- Are on an active forbearance plan for a COVID-19 hardship as of February 28, 2021

Extending COVID-19 Forbearance Plans Beyond 12 Months	
Forbearance term	Once the Borrower reaches a cumulative term of 12 months of forbearance, the Servicer is authorized to grant an eligible Borrower a forbearance plan term extension of up to 3 months, provided the plan term does not exceed 15 months of total delinquency or a cumulative term of 15 months, whichever is shorter.

Qualified Right Party Contact (QRPC)	At least 30 days before the end of the initial 12-month cumulative COVID-19 forbearance period, the Servicer must establish qualified right party contact (QRPC) with the Borrower following the requirements in Section 9102.3(b) to evaluate the Borrower for a forbearance plan extension. QRPC occurs when a Servicer establishes contact with the Borrower, co-Borrower or trusted advisor, such as a housing counselor, and discusses 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 extension to a COVID-19 impacted Borrower in compliance with applicable law, the Servicer is considered to be in compliance with the Guide.
NOTE: The requirements described above apply only to evaluations for COVID-19 forbearance plan extensions that result in a cumulative forbearance plan term greater than 12 months. For evaluations of Borrowers who have not previously been on an active COVID-19 forbearance plan or for an extension to an existing or previous COVID-19 forbearance plan that results in a cumulative forbearance plan term of 12 months or less, the Servicer must continue to adhere to the requirements in Bulletin 2020-4, as amended by Bulletin 2020-10.	

COVID-19 PAYMENT DEFERRAL

As a result of the updates to forbearance for Borrowers with a COVID-19 hardship, we are making several adjustments to the COVID-19 Payment Deferral requirements initially announced in Bulletin 2020-15, as described in the chart below. The Payment Deferral Agreement (Attachment A) and the Payment Deferral Solicitation Letter (Attachment B) have been updated to reflect these changes as applicable. All other COVID-19 Payment Deferral requirements remain in effect.

COVID-19 Payment Deferral Requirements	
Prior COVID-19 Payment Deferral	There is no limit on the number of COVID-19 Payment Deferrals a Borrower may receive; however, no more than 15 missed payments may be deferred as a result of COVID-19 Payment Deferrals for the life of the loan.
Delinquency requirements	The Mortgage must have been current or less than 2 months delinquent as of March 1, 2020, the effective date of the National Emergency declaration related to COVID-19, and be equal to or greater than one month but less than or equal to 15 months delinquent as of the date of evaluation. Note: if a Mortgage was originated after March 1, 2020 and otherwise meets all criteria to receive a COVID-19 Payment Deferral, the Servicer must evaluate the Borrower for a COVID-19 Payment Deferral and offer it if they are eligible.

<table>
<tr><td>Processing month</td><td>The Servicer must complete the COVID-19 Payment Deferral in the same month it determines the Borrower is eligible. If the Servicer is unable to complete the COVID-19 Payment Deferral within this timeframe, the Servicer may use an additional month to allow for sufficient processing time ("processing month") to complete the COVID-19 Payment Deferral. The Servicer must treat all Borrowers equally in applying the processing month, as evidenced by a written policy (i.e., the criteria for when a processing month is required must be the same for all Borrowers).

Additionally, the Servicer is not permitted to defer more than 15 months of payments as part of a Payment Deferral; therefore, the Servicer must require a payment during the processing month if:

• The Mortgage is already 15 months delinquent, or

• The COVID-19 Payment Deferral would cause the Mortgage to exceed 15 months of cumulative deferred past-due payments.

In these circumstances, the Servicer must complete the COVID-19 Payment Deferral within the processing month after receipt of the Borrower’s full monthly contractual payment due during that month. Otherwise, the Borrower is not required to submit a payment during the processing month for a COVID-19 Payment Deferral.</td></tr>
<tr><td>Solicitation</td><td>If the Servicer is unable to establish QRPC for a COVID-19 Payment Deferral with a Borrower on a COVID-19 related forbearance plan and the Borrower is otherwise eligible for a COVID-19 Payment Deferral, the Servicer must send an offer for a COVID-19 Payment Deferral within 15 days after expiration of the forbearance plan.

The Borrower must make his or her full monthly contractual payment during the month of the offer if, as of the date of evaluation:

• The Mortgage is 15 months delinquent; or

• The COVID-19 Payment Deferral would cause the Mortgage to exceed 15 months of cumulative deferred past-due P&I payments.

In this circumstance, the Servicer must complete the COVID-19 Payment Deferral within the month of the offer after receipt of the Borrower’s full monthly contractual payment due that month.

If the Servicer uses a processing month to complete the COVID-19 Payment Deferral, the Borrower must also make his or her full monthly contractual payment during the processing month. The Servicer must complete the COVID-19 Payment Deferral within the processing month after receipt of the Borrower’s full monthly contractual payment due that month.

NOTE: Refer to Bulletin 2020-15 for all other requirements related to solicitation for a COVID-19 Payment Deferral.</td></tr>
</table>

Payment Deferral Terms	The Servicer must defer the following amounts as a non - interest-bearing balance, due and payable at maturity of the Mortgage, or earlier upon the sale or transfer of the property, refinance of the Mortgage or payoff of the interest-bearing UPB: • Up to 15 months of past-due P&I payments; subject to the cap of 15 months cumulative deferred past-due P&I payments • Out-of-pocket escrow advances paid to third parties during the delinquency, provided they are paid prior to the effective date of the COVID-19 payment deferral; and • Servicing advances paid to third parties during the delinquency and not retained by the Servicer, provided they are paid prior to the effective date of the COVID-19 Payment Deferral, if allowed by state law All other terms of the Mortgage must remain unchanged. Any existing non - interest-bearing balance amount on the Mortgage remains due and payable at maturity of the Mortgage, or earlier upon the sale or transfer of the property, refinance of the Mortgage, or payoff of the interest-bearing UPB.

ADDITIONAL RESOURCES

We encourage Servicers to review the following COVID-19 resources:

- Freddie Mac Single-Family web page on **COVID-19 resources**
- Freddie Mac **Servicing FAQs** on COVID-19

GUIDE UPDATES

The Guide will not be updated at this time to reflect these changes.

CONCLUSION

We appreciate the support that Servicers 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,

Bill Maguire

Vice President, Servicing Portfolio Management

[SERVICER LOGO]

[SERVICER ADDRESS]

[BORROWER 1 NAME] [BORROWER 2 NAME]
[ADDRESS 1]
[ADDRESS 2]
[CITY, STATE ZIP CODE]

[DATE]

REFERENCE: [LOAN NUMBER]

COVID-19 PAYMENT DEFERRAL AGREEMENT

[DATE]

Dear [BORROWER NAME(S)]:

Thank you for speaking with us about your mortgage. As we discussed, you are approved for a COVID 19 payment deferral, and we will defer your past-due amounts to bring your mortgage current. This letter describes what a payment deferral is and how it impacts your mortgage.

[When including with a solicitation letter, use the following language in lieu of the paragraph above:

You are approved for a COVID 19 payment deferral, and we will defer your past-due amounts to bring your mortgage current. This letter describes what a payment deferral is and how it impacts your mortgage.

****You must contact us by [servicer enter method(s)] by [date before end of current month] to accept this offer****

]

What is a COVID 19 Payment Deferral?

A payment deferral brings your mortgage current and delays repayment of certain past-due monthly principal and interest payments, as well as other amounts we paid on your behalf related to the past-due monthly payments. You will be responsible for paying the past-due amounts upon the maturity date of the mortgage or earlier upon the sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing unpaid principal balance.

Terms of the Payment Deferral

As of [EFFECTIVE DATE], we will

- adjust the due date of your next scheduled monthly payment to bring your mortgage current,
- defer the scheduled repayment of the total past-due amounts to the maturity date of the mortgage, or earlier upon the sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing unpaid principal balance, and
- waive any late charges.

[For a borrower required to make a payment to complete the payment deferral, include the following language: Because you have reached the maximum past-due principal and interest amount that is permitted to be deferred, you must make the following monthly contractual payment(s) for your payment deferral to become effective: $[amount] by [date].***]***

The following table describes the specific terms of your payment deferral.

Number of past due principal and interest payments to be deferred	
Past-due principal and interest payment amount to be deferred	
Other past-due amounts to be deferred*	
Total past-due amounts to be deferred**	
Late charges to be waived	

*Includes any amounts we paid on your behalf related to the past-due payments, such as taxes or insurance, as authorized by your mortgage documents.

**Interest will not be charged on the total past-due amounts to be deferred. The payment deferral will not change any other terms of your mortgage.

Once your COVID-19 payment deferral is in effect, you must continue to make your scheduled monthly payments to keep your mortgage current.

QUESTIONS? CONTACT US

[SERVICER'S NAME]

Phone: [8XX-XXX-XXXX]

Email Address: [SERVICER'S EMAIL]

Website: [SERVICER'S WEBSITE]

FREQUENTLY ASKED QUESTIONS

What other amounts might I owe?

- There are no processing fees for this payment deferral.
- If there is already a principal forbearance amount that will be due at the maturity of your loan, you will still be responsible for any such amount that remains at the maturity date of the mortgage loan or earlier upon the sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing unpaid principal balance.

How will a COVID 19 payment deferral impact my credit?

- If your financial hardship was caused by COVID-19 during the covered period under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and you were current on your mortgage before receiving the COVID-19 payment deferral, we will continue to report you as current on your credit report. If you were delinquent on your mortgage prior to receiving the payment deferral, we will continue to report this delinquency status while the payment deferral is in effect.
- When your COVID-19 payment deferral is completed, you will be considered current on your mortgage.
- For information on how your credit report may impact your credit score, go to: **https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/**

What if I need further assistance?

- Please contact us any time at [SERVICER PHONE NUMBER], especially if you experience another event that may prevent you from making your mortgage payment.
- For a list of HUD-approved housing counseling agencies that can provide free foreclosure prevention and debt management information, and may be able to provide translation or other language assistance, contact one of the following federal government agencies:
  - The U.S. Department of Housing and Urban Development (HUD) at (800) 569-4287 or **www.hud.gov/counseling**
  - The Consumer Financial Protection Bureau (CFPB) at (855) 411-2372 or **www.consumerfinance.gov/mortgagehelp**
- For additional information on how to avoid foreclosure, including help for military servicemembers, you may also visit Freddie Mac's **Freddie Mac's My Home web site** at **https://myhome.freddiemac.com/getting-help/relief-for-homeowners.html/** and **#HelpStartsHere** at **https://sf.freddiemac.com/ceros/sustaining-homeownership-in-a-crisis-an-interactive-guide-for-homeowners.aspx**

Additional Payment Deferral Information and Legal Notices

[The Servicer must include any disclosures required by federal, State, or local law.]

Freddie Mac Single-Family

Bulletin

Attachment B to Bulletin 2021-6

COVID-19 Payment Deferral Post-COVID-19 Forbearance Solicitation Cover Letter

[Servicer Logo]

[BORROWER 1 NAME] [BORROWER 2 NAME]
[ADDRESS 1]
[ADDRESS 2]
[CITY, STATE ZIP CODE]

[DATE]

Reference: [LOAN NUMBER]

Subject: Unable to Contact You During Your Forbearance Plan – Offer Enclosed

Dear [BORROWER NAME(S)]:

We have been trying to reach you during your forbearance plan to discuss your situation and to provide information on options that may be available to you to resolve your delinquency. We would like to offer you an opportunity to enter into a more permanent solution. You have options, but you must act now. We are here to help. If you have questions about the options listed below, **please contact us immediately.**

Can You Resume Your Regular Monthly Mortgage Payment?

You have been approved for a payment deferral. This is a solution that brings your mortgage current, prevents foreclosure and delays repayment of the mortgage payments you missed during your forbearance plan. If your hardship has been resolved and you are able to resume making your mortgage payments following your forbearance plan, a payment deferral may be the best option to immediately bring your mortgage current. **Please refer to the enclosed payment deferral agreement for more details on this offer and how to accept it.**

Do You Need More Affordable Monthly Mortgage Payments?

If your hardship has been resolved but you are not able to continue making your mortgage payments following your forbearance plan, you may be eligible for a loan. If you complete a loan modification, it would bring your loan current, prevent foreclosure and lower your monthly mortgage payment. Contact us if you would like to explore a loan modification.

[Use only if the Borrower has additional forbearance available

Do You Need More Time to Resolve Your Hardship?

You may need more time to resolve your hardship before we can determine what long-term solution best works for you. If so, an extension of your forbearance plan may be available. To receive an extension, you must contact us to discuss your options.]

Unable to Resolve the Delinquency or Prefer to Leave Your Home?
You may have other options to avoid foreclosure.

- A short sale: the sale of your property for a price that is less than the amount you still owe on your mortgage.
- A deed-in-lieu of foreclosure: the transfer ownership of your property to us in exchange for release of some or all of the amount you still owe on your mortgage.

If you are approved for a short sale or deed-in-lieu of foreclosure and complete the necessary steps, we will cancel your remaining mortgage debt obligation. **Cancellation of debt may have tax consequences. Please consult a tax advisor to discuss potential tax consequences.**

QUESTIONS? CONTACT US

[SERVICER'S NAME]
Phone: [8XX-XXX-XXXX]
Email Address: [SERVICER'S EMAIL]
Website: [SERVICER'S WEBSITE]

We encourage you to review the enclosed payment deferral agreement which includes instruction on how to accept the offer. Thank you for your prompt attention to this matter. We are here to help you with your mortgage.

Sincerely,

Customer Support
[SERVICER NAME]