



## **COVID-19 Frequently Asked Questions (FAQs) for Mortgage Securities Investors As of September 30, 2020**

These FAQs are intended to answer questions frequently asked by members of the investor and dealer communities. These FAQs do not replace any of the official Freddie Mac Bulletins or MBS Announcements posted on our website. In the event of any inconsistency between these FAQs and the official Freddie Mac Bulletins and MBS Announcements posted on our website, the Freddie Mac Bulletins or MBS Announcements, as the case may be, shall govern.

### ***Seller and Servicer Guidance***

#### **Q1: What options is Freddie Mac providing for Borrowers facing COVID-19 related hardships during this time? (Updated August 28, 2020)**

In response to the challenges resulting from the outbreak and spread of the coronavirus disease (COVID-19), under FHFA direction and in alignment with Fannie Mae, Freddie Mac has announced guidance in order to assist impacted Borrowers.

The temporary measures announced will support Servicers' efforts to assist Borrowers who experience a hardship resulting from COVID-19, including both Borrowers who have and have not contracted COVID-19, provided their ability to make timely Mortgage payments has been negatively affected as a result of COVID-19 ("COVID-19 related hardship"). The Servicer will determine what constitutes a COVID-19 related hardship and must treat all Borrowers equally when making this determination.

The temporary measures announced cover guidance pertaining to the following:

- Providing Mortgage forbearance for up to 12 months, regardless of property type,
- Waiving assessment of penalties and late fees that accrue during the forbearance period,
- Suspending all foreclosure actions, including foreclosure sales through December 31, 2020,
- Offering a COVID-19 Payment Deferral solution, which allows Borrowers to defer up to 12 months of forborne payments, and
- Offering loan modification options that lower payments or keep payments the same after the forbearance period.

For more details, see Guide Bulletins [2020-4](#), [2020-10](#), [2020-16](#), [2020-25](#) and [2020-34](#) and with respect to adjustments to our requirements in response to the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), see [Guide Bulletin 2020-10](#). See [Guide Bulletin 2020-15](#) for full details on the COVID-19 Payment Deferral solution.

For a comprehensive list of the COVID-19 selling and servicing resources, visit <https://sf.freddiemac.com/about/covid19>.

**Q2: Bulletin 2020-8 includes a reminder to obtain a wet signature on the note. How does obtaining a wet signature work in the case of online notarizations? Would the lender still have to get a wet signature after the remote signatures are completed online?**

Yes, the note has to be wet signed, unless a Seller is approved to deliver eMortgages pursuant to Chapter 1402 in the Guide. From [Bulletin 2020-8](#): Sellers are reminded that only a “wet” signature is permitted on a Note related to a typical closing. Except for eMortgage transactions conducted in accordance with Chapter 1402, a Note cannot be executed using an Electronic Signature.

**Q3: What is a forbearance plan and what is the length of the temporary forbearance for Borrowers facing a temporary hardship? What happens at the end of the forbearance plan?**

A forbearance plan is a written agreement between the Servicer and the Borrower (or deceased Borrower's estate) that reflects the terms of the temporary forbearance, including whether the Borrower may make either reduced or no monthly payments for a specific period of time. If the Servicer achieves quality right party contact and the Borrower meets the eligibility criteria for a forbearance plan in accordance with [Section 9203.13](#), the Servicer must offer:

1. An initial forbearance term for a period of one to six months, and, if necessary
2. One or more forbearance term extensions of one to six months, not to extend past the 12<sup>th</sup> month of delinquency.

During the forbearance period, the Borrower does not make their regular mortgage payments; however principal and interest payments continue to accrue.

As part of our temporary guidance announced in [Guide Bulletin 2020-4](#), we are further authorizing Servicers to approve forbearance plans for all Borrowers who have a COVID-19 related hardship, regardless of property type. While the Guide currently provides that only Mortgages secured by Primary Residences are eligible for a forbearance plan, until further notice the Mortgaged Premises may be a Primary Residence, second home or Investment Property. See [Guide Bulletin 2020-10](#) for adjustments to our forbearance plan requirements as a result of the CARES Act.

At the end of the forbearance period (where no extensions of forbearance are available or necessary), the Borrower must cure the Delinquency through one of the following options:

- Payment of the Mortgage in full (e.g., payoff or refinance),
- Full reinstatement of the Mortgage,

- Partial reinstatement followed by a repayment plan,
- Repayment plan,
- Payment Deferral solution,
- Loan modification, or
- Short sale or deed-in-lieu of foreclosure.

With [Guide Bulletin 2020-4](#), we are requiring Servicers to evaluate Borrowers who complete their COVID-19 forbearance plan for the Extend Modification and the Cap and Extend Modification in accordance with the requirements described in [Bulletin 2017-25](#) and [Section 9206.4](#) (and all additional Guide sections referenced therein), including the order of evaluation provided in the “Borrower contact requirements and disaster loss mitigation hierarchy” section of [Bulletin 2017-25](#), as modified by [Guide Bulletin 2020-6](#), implementing the Payment Deferral solution and [Guide Bulletin 2020-15](#) implementing the COVID-19 Payment Deferral solution. Servicers must conduct Extend Modification and Cap and Extend Modification evaluations in accordance with all existing requirements, with the certain adjustments as described in [Guide Bulletin 2020-10](#), until July 1, 2020, when the Extend Modification and the Capitalization and Extend Modifications are eliminated as options in the COVID-19 evaluation hierarchy as described in [Guide Bulletin 2020-15](#).

#### **Q4: What happens if the Borrower in a forbearance plan cannot cure their temporary hardship?**

The Servicer must evaluate the Borrower to determine if the Borrower qualifies for one of our delinquency resolution options such as payoff, reinstatement or repayment plan, or loan modification. Our delinquency resolution options can range from a Payment Deferral solution or other loan modification home retention options or a short sale and a deed-in-lieu of foreclosure. [Guide Bulletin 2020-10](#) provides more details.

#### **Q5: The Coronavirus Aid, Relief and Economic Stimulus (CARES) Act specifies a forbearance period of 180 days, followed by another 180-day period if needed. How does that compare to the GSEs’ policies?**

The total length of the forbearance period specified under the CARES Act aligns with our own requirement (one year).

In [Guide Bulletin 2020-10](#), we announced temporary adjustments to our requirements for forbearance plan evaluations for Borrowers with a COVID-19 related hardship:

- Waiving the requirement that a forbearance plan may not extend beyond a date that would cause the Delinquency to exceed a cumulative total of 12 months of the Borrower’s contractual monthly Mortgage payment, as described in Sections [9203.12](#) and [9203.13\(a\)](#).

- Affirming that an eligible Borrower may be given an initial forbearance plan for up to 180 days, and thereafter one or more forbearance plan term extensions, provided the total of all forbearance terms does not exceed 12 months.
- Confirming that Servicers who provide forbearance to a Borrower who requests forbearance and affirms they have a COVID-19 related hardship without the Servicer achieving full quality right party contact are deemed to be in compliance with our Guide’s requirements related to achieving quality right party contact.

Please find details in [Guide Bulletin 2020-10](#), which provides temporary adjustments to our requirements in response to the CARES Act.

**Q6: Can a loan that is in forbearance or in a Payment Deferral solution be refinanced? (Updated June 1, 2020)**

If an existing Mortgage is not current (i.e., the Borrower has not made all Mortgage payments due in the month prior to the Note Date no later than the last business day of that month), the new Mortgage is ineligible for sale to Freddie Mac unless the amounts outstanding on the existing Mortgage are resolved through a full reinstatement, repayment plan, Payment Deferral, or loan modification Trial Period Plan and the applicable eligibility requirements in the following table are met:

If any existing Mortgage ...	Eligibility requirements	Use of proceeds if the subject transaction is a “no cash-out” or cash out refinance
Was fully reinstated on or after the Application Received Date but prior to the Note Date	Seller must document the source of funds used for reinstatement. The source of funds must be an eligible source as described in <a href="#">Section 5501.3</a>	Proceeds may not be used to reinstate the Mortgage being refinanced or any other Mortgage
Is subject to a repayment plan	The Borrower must either: (i) Have successfully completed the repayment plan, OR (ii) Be performing under the plan (i.e., has not missed any payments due under the plan) and must have made at least three consecutive payments	In connection with the Mortgage being refinanced, proceeds may be used to pay off the remaining payments under the repayment plan

If any existing Mortgage ...	Eligibility requirements	Use of proceeds if the subject transaction is a “no cash-out” or cash out refinance
Is subject to a Payment Deferral	The Borrower must have made at least three consecutive timely payments following the approval of the payment deferral agreement	In connection with the Mortgage being refinanced, proceeds may be used to pay off the deferred amount under the Payment Deferral
Is subject to a modification Trial Period Plan	The Borrower must have successfully completed the Trial Period Plan	In connection with the Mortgage being refinanced, proceeds may be used to pay off the modified Mortgage

**Q7: If a Borrower received a payment deferral after forbearance and has made their monthly Mortgage payment for at least 3 months, if they then choose to refinance that mortgage, can they use the proceeds from the refinance to pay off the deferred payments? Or is the Borrower required to bring cash to closing to pay off the deferred amounts?**

The deferred payments may be rolled into the new loan amount for the refinance; i.e., proceeds from a no cash out refinance Mortgage may be used to pay off the deferred payments. However the Borrower is not *required* to use the proceeds from the refinance to pay the deferred amount and could use cash to pay off the amount if they so choose. If the LTV of the refinance Mortgage is greater than 80 percent, as is the case with any other Mortgage sold to Freddie Mac, the Borrower will be required to obtain mortgage insurance.

**Q8: How does the Payment Deferral solution work?**

Announced in the [Guide Bulletin 2020-6](#), the Payment Deferral solution is a servicing relief and loss mitigation solution to resolve delinquencies and help homeowners remain in their homes. Under the Payment Deferral solution, an eligible Borrower will be brought current by deferring delinquent principal and interest; the deferred amounts are placed in a non-interest-bearing forborne balance that will become due at the earlier of payoff of the interest-bearing balance, transfer or sale of the property, or the maturity date of the loan.

With [Guide Bulletin 2020-15](#), we announced the Freddie Mac COVID-19 Payment Deferral solution, in response to the COVID-19 pandemic and in response to Servicer feedback.

While the COVID-19 Payment Deferral solution leverages a similar concept to the previously announced Payment Deferral solution, the COVID-19 Payment Deferral solution is designed specifically to assist Borrowers who have a COVID-19 related hardship. While all of the relevant requirements are described in detail within [Guide Bulletin 2020-15](#), some of the key differences between the two solutions are outlined below:

- The Borrower's Delinquency must have been the result of a COVID-19 related hardship, as described in [Guide Bulletin 2020-4](#), and that hardship must be resolved,
- The Borrower must have been current or less than 31 days delinquent as of the effective date of the National Emergency declaration date, March 1, 2020,
- The Mortgage may be up to 12 months delinquent as of the evaluation date,
- The Borrower is not required to make consecutive payments immediately prior to executing a COVID-19 Payment Deferral (i.e., there is no rolling delinquency requirement),
- The Servicer must defer all delinquent principal and interest payments (P&I); in addition, for a COVID-19 Payment Deferral, the Servicer must also defer any other amounts that are permitted to be capitalized as part of a Freddie Mac Flex Modification®, and as described in [Guide Section 9206.15](#),
- Certain eligibility restrictions of the Payment Deferral are not applicable to the COVID-19 Payment Deferral (e.g., there is no origination seasoning requirement or any restrictions regarding a previous non-COVID-19 Payment Deferral or a recently failed Flex Modification or Flex Modification Trial Period Plan), and
- Under certain circumstances, the Servicer must proactively send an eligible Borrower an offer for a COVID-19 Payment Deferral without first establishing quality right party contact (as described in the "Solicitation for a COVID-19 Payment Deferral" section of [Guide Bulletin 2020-15](#)).

Servicers must begin evaluating eligible Borrowers for a COVID-19 Payment Deferral solution on and after July 1, 2020.

A loan will remain in its related mortgage security while the Payment Deferral solution is in effect provided the Payment Deferral solution is implemented following expiration of a forbearance plan.

**Q9: Have any other temporary changes to mortgage eligibility requirements been implemented as a result of the COVID-19 pandemic?**

As announced in [Guide Bulletin 2020-14](#), we are temporarily revising our Mortgage eligibility requirements to limit our purchases of Mortgages to those with Settlement Dates no more than six months after the Note Date or, for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing. Additionally, we are temporarily suspending Mortgage purchases through our bulk sales unit.

**Q10: Will Borrowers in forbearance be reported as delinquent to the credit bureaus?**

As stated in [Guide Bulletin 2020-10](#), for any Borrower impacted by COVID-19, the Servicer must report activity to the credit bureaus in accordance with applicable law, including the Fair Credit Reporting Act and the CARES Act.

When a loan enters forbearance, credit bureau reporting will be frozen with the prior loan status. If the Mortgage is delinquent before entering forbearance, the Borrower will be reported as delinquent during the forbearance period. If the Mortgage is current before entering forbearance, the Borrower will continue to be reported as current during the forbearance period.

***Servicer Advances and Reimbursements***

**Q1: Will Servicers continue to advance P&I until the loan is 120 days delinquent?**

Freddie Mac's Servicers are not required to advance the principal portion of monthly payments to Freddie Mac; however, they are required to advance scheduled interest in the event of Borrower delinquency until a loan is inactivated which occurs at 120 days of delinquency. If the Servicer does not inactivate a Mortgage in the Accounting Cycle and the Mortgage becomes 120 days delinquent, Freddie Mac will inactivate the Mortgage.

Please find details in [Section 8303.21](#) of the Guide.

Investors will continue to receive monthly interest at the coupon rate and scheduled principal for fixed-rate PCs, MBS and UMBS, and monthly interest at the coupon rate for adjustable-rate PCs, in each case for as long as the loan remains in the securities pool. For adjustable-rate PCs, we guarantee the full and final payment of principal.

**Q2: Are Freddie Mac's and Fannie Mae's policies for Servicers aligned?**

Freddie Mac's COVID-19 related policies and guidance for Servicers have been developed under FHFA direction and in conjunction with Fannie Mae's COVID-19 related policies and guidance.

FHFA has instructed Fannie Mae to align its policy regarding the schedule for Servicer advancement of monthly principal and interest payments with Freddie Mac's current practice. While Fannie Mae Servicers are responsible for advancing principal and interest payments and Freddie Mac Servicers are responsible for advancing only scheduled interest payments, the instruction from FHFA establishes a four-month advance obligation limit for Fannie Mae Servicers which is consistent with the current policy at Freddie Mac. Once a Servicer has advanced four months of missed payments on a loan, it will have

no further obligation to advance scheduled payments while the loan remains delinquent/has not been reinstated.

**Q3: When are Servicers reimbursed for P&I advancements made to Freddie Mac? (*Updated September 30, 2020*)**

Freddie Mac's Servicers are required to advance interest in the event of Borrower delinquency until a loan is inactivated, which occurs at 120 days of delinquency.

The Borrower reimburses the Servicer when the delinquency is resolved via a payoff, reinstatement or repayment plan or loan modification. Freddie Mac reimburses the Servicer when the loan liquidates upon short sale, deed-in-lieu of foreclosure, or foreclosure sale. As [announced](#) on September 30, 2020, Freddie Mac continues to work with Fannie Mae and FHFA to align on the timing of interest and guarantee advance reimbursements. The effective date for these changes will be communicated in a future announcement.

**Q4: Do Servicers have to advance taxes and insurance (T&I) on delinquent loans? If so, when are they reimbursed for those advancements?**

The servicer is responsible for advances of T&I on behalf of the Borrower.

If there is an escrow account, the T&I would continue to be paid by the escrow account as long as funds are available. Afterwards, the Borrower must pay the T&I or the Servicer must advance such amounts when they come due on behalf of the Borrower. If there is not an existing escrow account, then the Borrower must pay these amounts directly or the Servicer must advance if the Borrower does not pay and, in this instance, the Servicer must establish an escrow account for the Borrower.

Servicer reimbursement of T&I depends on disposition of the loan. For payoffs, reinstatements, repayment plans, a Payment Deferral solution and the Extend Modification, the Servicer must collect advances it made for T&I directly from the Borrower. For the Capitalization and Extend Modification and the Flex Modification, the Servicer should attempt to collect the T&I advances directly from the Borrower, but if unable to do so may capitalize the T&I advances into the UPB and will be reimbursed by Freddie Mac at modification settlement. For short sales, deeds-in-lieu of foreclosure or foreclosure sales, the Servicer is reimbursed for T&I advances at the time of loan disposition.



## ***Loan Buyouts from Mortgage Security Pools***

### **Q1: When does Freddie Mac buy loans out of security pools? *(Updated September 30, 2020)***

In November 2018, at the direction of FHFA, we implemented a strictly date-based automated process to initiate Mortgage repurchases from pools, in most instances, at no more than 120 days after the due date of the last paid installment. One exception was to keep loans in pools past 120 days of delinquency for so long as the loan was subject to an Eligible Disaster forbearance plan.

On April 20, 2020, we announced that FHFA had instructed Freddie Mac and Fannie Mae to retain Mortgages in their related pools while any such Mortgage remains subject to any temporary payment forbearance plan, including COVID-19 forbearance plans. At the end of the initial forbearance period, the loan will be analyzed for reinstatement, a repayment plan, additional forbearance, or other servicing alternatives to foreclosure. Once the forbearance period(s) expires, the loan will remain in the related securities pool while (i) an offer to reinstate the loan or enter into either a Payment Deferral solution, repayment plan or a trial period plan pursuant to a loan modification remains outstanding; (ii) the loan is in an active repayment plan or trial period plan; or (iii) a Payment Deferral solution is in effect. If, at the end of a forbearance plan, the Borrower rejects any offer to reinstate, repay, or enter into a trial period plan, or accepts such offers and then breaches their terms, the loan will be repurchased from the related Pool in accordance with our current practices.

With the delinquent loan buyout extension, [announced](#) on September 30, 2020, loans will not be repurchased from their related MBS pools until reaching 24 months of delinquency (i.e., the borrower has missed 24 full monthly payments). This change will be effective January 1, 2021. Pursuant to the terms of the Trust Agreement or applicable law, we may repurchase the following delinquent loans from their related MBS pools prior to 24 months of delinquency: (i) loans that are permanently modified; (ii) loans subject to a short sale or deed-in-lieu of foreclosure; (iii) loans repurchased by a seller/servicer under applicable selling and servicing requirements; (iv) loans that are paid in full, or for which the related lien is released and/or the note debt is satisfied or forgiven; and (v) loans referred to foreclosure. Historically, more than half of loans referred to foreclosure are referred within six months of delinquency.

### **Q2: How will loan forbearance impact whether the loan remains in a security pool?**

Loans in Freddie Mac Mortgage Participation Certificates (PCs), Uniform Mortgage-Backed Securities (UMBS), and Mortgage-Backed Securities (MBS) that receive forbearance, including loans in COVID-19 forbearance, will remain in their related mortgage securities pools. At the end of the initial forbearance period, the loan will be analyzed for reinstatement, a repayment plan, additional forbearance, or other servicing alternatives to foreclosure. Once the forbearance period(s) expires, the loan will remain in the related securities pool while (i) an offer to reinstate the loan or enter into either a Payment Deferral

solution, repayment plan or a trial period plan pursuant to a loan modification remains outstanding; (ii) the loan is in an active repayment plan or trial period plan; or (iii) a Payment Deferral solution is in effect.

**Q3: What is the maximum length of time a delinquent loan can remain in a securities pool?**

Regardless of the loan remediation or disposition strategy, once a loan has been delinquent for 24 months, Freddie Mac will repurchase it from its related securities pool.

**Q4: Are Freddie Mac's and Fannie Mae's policies for loan buyouts aligned? *(Updated September 30, 2020)***

In response to the challenges resulting from the outbreak and spread of COVID-19, Freddie Mac's policies and guidance for Servicers as well as for mortgage security loan removal, have changed under FHFA direction and in conjunction with Fannie Mae.

Earlier this year, FHFA instructed Freddie Mac to align our loan removal policy for loans in forbearance with Fannie Mae's practice. Both Enterprises keep loans with forbearance, including temporary hardships due to COVID-19, in the securities pools for the length of the forbearance period(s). Loans also remain in securities pools while an offer to reinstate the loan or enter into either a Payment Deferral solution, repayment plan or a trial period plan pursuant to a loan modification remains outstanding; or the loan is in an active repayment plan or trial period plan; or a Payment Deferral solution is in effect, provided such offers, plans, or the Payment Deferral solution follows the end of the forbearance plan. If at the end of a forbearance plan, the Borrower rejects any offer to reinstate, repay, or enter into a trial period plan, or accepts such offers and then breaches their terms, the loan may be repurchased from the related Pool in accordance with our current practices.

Freddie Mac and Fannie Mae are also aligned with the delinquent loan buyout extension, [announced](#) on September 30, 2020. With this delinquent loan buyout extension, effective January 1, 2021, loans will not be repurchased from their related MBS pools until reaching 24 months of delinquency (i.e., the borrower has missed 24 full monthly payments). Pursuant to the terms of the Trust Agreement or applicable law, we may repurchase the following delinquent loans from their related MBS pools prior to 24 months of delinquency: (i) loans that are permanently modified; (ii) loans subject to a short sale or deed-in-lieu of foreclosure; (iii) loans repurchased by a seller/servicer under applicable selling and servicing requirements; (iv) loans that are paid in full, or for which the related lien is released and/or the note debt is satisfied or forgiven; and (v) loans referred to foreclosure. Historically, more than half of loans referred to foreclosure are referred within six months of delinquency.

## ***Reporting and Disclosure***

### **Q1: How will Freddie Mac and the market identify the mortgage securities pools that contain loans receiving temporary hardship forbearance?**

In an ongoing effort to provide transparency to investors in valuing our mortgage securities, Freddie Mac continues to work toward developing disclosure that will provide insight into the mortgages affected by forbearance and Borrower assistance plans.

On May 7, 2020, Freddie Mac and Fannie Mae began providing at-issuance, daily disclosure files that include pool-level stratifications of the delinquency status and Borrower assistance plan participation of loans in the pool. The Freddie Mac daily file includes information for all newly issued Level 1 and MultiLender pools and for all products, including ARMs, modified mortgages and reinstated pools. The daily file is a temporary issuance disclosure process that will conclude with the expiration of the temporary purchase program for newly-funded forborne and delinquent loans.

Beginning with the June 2020 monthly disclosures, Freddie Mac and Fannie Mae will implement enhancements to our respective monthly supplemental files to include Borrower assistance plan information for all pools.

Please see the New Delinquency and Borrower Assistance Plan Disclosures [announcement](#) for additional details, including disclosure file location and format.

### **Q2: Will loans continue to be reported as delinquent while subject to a forbearance plan?**

Yes. Servicers are required to report applicable delinquency information to Freddie Mac for each mortgage until:

- The mortgage is fully reinstated or paid off,
- A workout is completed and settled in Freddie Mac's system (including a Payment Deferral solution or other modification), or
- A short sale or foreclosure sale is held or a deed-in-lieu of foreclosure is settled.

For monthly delinquency reporting information and requirements, please see [Guide Chapter 9102.7](#)

**Q3: Will the monthly mortgage security pool disclosure reflect forbearance information on Mortgages that are in a current status? (Updated June 26, 2020)**

Up to now, Freddie Mac required Servicers to report forbearance information through Electronic Default Reporting (“EDR”) on delinquent Mortgages only. However, we did not prevent a Servicer from reporting forbearance information through EDR on current Mortgages, and to the extent they did report, the forbearances were included in our monthly pool disclosures. With [Guide Bulletin 2020-25](#), we are clarifying that, effective October 1, 2020, Servicers are to report all alternatives to foreclosure, which includes forbearance plans on all Mortgages, including those that are not delinquent. Servicers are encouraged to adopt the reporting requirements immediately, but must do so no later than their October 2020 EDR submission, which reflects September 2020 activity.

**Q4: If Freddie Mac purchases new Mortgages that are in forbearance at the time of delivery, will the daily mortgage security pool disclosures reflect this forbearance data even if the Mortgages are current? (Updated September 30, 2020)**

Yes, the temporary daily issuance disclosure process includes pool level stratifications for the Mortgages that are in forbearance at the time of delivery to Freddie Mac, whether the Mortgage is current or up to 30 days delinquent (as permitted under the temporary purchase program defined in [Guide Bulletin 2020-12](#), extended several times, most recently in [Guide Bulletin 2020-37](#)). Sellers are required to indicate whether the Mortgage is in forbearance at the time of delivery for each Mortgage delivered in accordance with the temporary purchase program.

Because Sellers are required to deliver a forbearance data point at the time of delivery on applicable Mortgages, but Servicers are currently required to report forbearance data on delinquent Mortgages only, there may be a disconnect between the number of current Mortgages in forbearance disclosed at issuance and the number of current Mortgages in forbearance disclosed on a monthly basis. To the extent those Mortgages remain current in the months after issuance, data consumers may not be able to discern whether the Servicer is reporting those current Mortgages in forbearance on a monthly basis, per Freddie Mac direction. Please note that, effective October 2020, Servicers must report forbearance data on all Mortgages, including those that are not delinquent. See the answer to Q3 above and/or [Guide Bulletin 2020-25](#) for additional information.

**Q5: Are there any other considerations of which the market should be aware when consuming the forbearance and delinquency data? (Updated June 26, 2020)**

There are timing differences between when Servicers report delinquency data and when Servicers report forbearance data to Freddie Mac.

Delinquency data is reported by the Servicer daily through Loan Level Reporting (LLR), which is finalized on the first business day for the prior month's information. That data is then included in the mortgage security pool disclosure released on the fourth business day. For example, a Mortgage that is reported to Freddie Mac as 30 days delinquent as of May 31<sup>st</sup> will be disclosed as such in the mortgage security pool disclosure released on the fourth business day of June.

Forbearance data is reported by the Servicer through EDR. (As noted in Q3 above, Freddie Mac currently requires Servicers to report forbearance information through EDR on delinquent Mortgages only, until new Servicer reporting requirements become effective October 1, 2020.) The activity for the prior month is reported to Freddie Mac at the beginning of the month and is finalized in the middle of the month. That data will be included in the mortgage security pool disclosure released in the next month after the data is finalized. For example, if a delinquent Mortgage enters into forbearance in May, the Servicer is expected to report that information to Freddie Mac in early June, and that information will be disclosed in the mortgage security pool disclosure released on the fourth business day of July.

Because of these timing differences, there may be a delay in when the forbearance data is apparent versus the delinquency data. Using the timing examples above, the same Mortgage disclosed as delinquent in June will not reflect the corresponding forbearance information until July.

### ***New Purchases of Loans in Forbearance***

#### **Q1: Will Freddie Mac purchase new loans that have gone into forbearance immediately after loan closing? (Updated September 30, 2020)**

As announced in [Guide Bulletin 2020-12](#), starting May 1, Freddie Mac began purchasing new loans that entered forbearance – as a result of Borrower hardship caused by COVID-19 – after origination and prior to our purchase.

This is a temporary measure to support the market and is not meant as a change to our long-standing definition of what constitutes an investment quality mortgage. These temporary requirements, extended several times, most recently in [Guide Bulletin 2020-37](#), are effective for Mortgages with Note Dates on or after February 1, 2020 and on or before October 31, 2020. Additionally:

- Mortgages with Note Dates on or after February 1, 2020 and on or before March 31, 2020 must have Settlement Dates on or before May 31, 2020, and
- Mortgages with Note Dates on or after April 1, 2020 and on or before September 30, 2020 must have Settlement Dates on or before December 31, 2020.

**Q2: Can Freddie Mac purchase loans that have gone into forbearance and/or are delinquent? Can these loans be pooled into TBA securities?**

As announced in [Guide Bulletin 2020-12](#), starting May 1, Freddie Mac began purchasing new loans that entered forbearance – as a result of Borrower hardship caused by COVID-19 – after origination and prior to our purchase.

Loans that settle during the periods specified in the Bulletin may be pooled into Freddie Mac mortgage-backed securities, including TBA-eligible UMBS, following our normal pooling practices, with these temporary exceptions.

**Q3: What happens if a Seller discovers loans have gone into forbearance after they have been delivered to Freddie Mac? (Posted August 12, 2020)**

As described in the [MBS announcement](#) posted on August 7, 2020, some COVID-19 forbearance loans sold to the Enterprises since the declaration of the COVID-19 national emergency were, or will be determined to be, ineligible for sale, either because they did not meet the eligibility dates, the loan purpose or other key underwriting and documentation requirements of our temporary purchase program. The temporary purchase requirements were announced on April 22 and subsequently amended in additional announcements, most recently in [Guide Bulletin 2020-30](#).

Sellers of these ineligible loans will be allowed – and in most cases required – to repurchase the ineligible loans and be subject to claims from investors who believe they have been harmed.

The Enterprises have been directed by FHFA to align our remedies for how to handle these ineligible loans.

Beginning August 14<sup>th</sup>, Freddie Mac will publish new monthly disclosure, listing the Level 1 and MultiLender securities affected by these repurchases.

For a complete description of the monthly disclosure and the investor reimbursement request process, please see the August 7<sup>th</sup> [MBS announcement](#).

For questions, please contact the Freddie Mac Investor Inquiry line at 800-336-3672 or [investor\\_inquiry@freddiemac.com](mailto:investor_inquiry@freddiemac.com).

This is not an offer to buy or sell any Freddie Mac securities. Offers for any given security are made only through applicable offering circulars and related supplements, which incorporate Freddie Mac's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC); all other reports Freddie Mac files with the SEC pursuant to Section 13(a) of the



Securities Exchange Act of 1934 (Exchange Act), excluding any information "furnished" to the SEC on Form 8-K; and all documents that Freddie Mac files with the SEC pursuant to Sections 13(a), 13(c) or 14 of the Exchange Act, excluding any information "furnished" to the SEC on Form 8-K.

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