

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)	<p>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.</p> <p>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.</p>
<p>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.</p>	

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	<p>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.</p>
Delinquency requirements	<p>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.</p> <p>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.</p>

<p>Processing month</p>	<p>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).</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
<p>Solicitation</p>	<p>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.</p> <p>The Borrower must make his or her full monthly contractual payment during the month of the offer if, as of the date of evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>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.</p> <p>NOTE: Refer to Bulletin 2020-15 for all other requirements related to solicitation for a COVID-19 Payment Deferral.</p>

<p>Payment Deferral Terms</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>All other terms of the Mortgage must remain unchanged.</p> <p>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.</p>
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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

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Attachment A to Bulletin 2021-6

[SERVICER LOGO]

[SERVICER ADDRESS]

[BORROWER 1 NAME] [BORROWER 2 NAME]

[DATE]

[ADDRESS 1]

[ADDRESS 2]

REFERENCE: [LOAN NUMBER]

[CITY, STATE ZIP CODE]

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****

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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

Additional Payment Deferral Information and Legal Notices

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

[If the Borrower is in good standing under a HAMP® modification and remains eligible to earn additional Borrower incentives, Servicers must include the following:]

If your mortgage has been modified under the Home Affordable Modification ProgramSM (HAMP®), please note that:

Upon this COVID-19 payment deferral becoming effective, you will be ineligible to receive any future HAMP "Pay for Performance" incentives, including any accrued but unpaid incentives.]

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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]

[DATE]

[ADDRESS 1]

[ADDRESS 2]

Reference: [LOAN NUMBER]

[CITY, STATE ZIP CODE]

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]