

MPF Announcement:

2022-19

Date:

May 11, 2022

Alert:

Clarification

New Policy

Policy Update

Reminder

Training Information

Audience:

Compliance/Legal

Program Management

Origination

Quality Control

Servicing

Underwriting

Product:

MPF Government MBS

MPF Traditional

MPF Xtra[®]

Effective Date:

Immediately (unless otherwise noted)

Reference

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

Visit the [MPF Website](#) to review and register for upcoming complimentary [MPF Webinars](#).

Follow Us

Impact of COVID-19 on MPF Xtra Servicing

Fannie Mae issued updates to the COVID-19 Servicing Lender Letters, communicating updates to temporary policies previously announced. The policies in the Lender Letters are effective immediately and are effective until Fannie Mae provides further notice, unless otherwise stated.

Updates to [Fannie Mae Lender Letter LL-2021-02](#) - Impact of COVID-19 on Servicing

- Increased the expense reimbursement limits for interior and exterior property inspections.

Updates to [Fannie Mae Lender Letter LL-2021-07](#) - COVID-19 Payment Deferral and Fannie Mae Flex Modification for COVID-19 Impacted Borrowers

- Updated the requirements related to performing an escrow analysis to clarify that Servicers must spread any escrow shortage repayment amount identified in the next annual analysis after a COVID-19 payment deferral or a Flex Modification in accordance with the reduced eligibility criteria for COVID-impacted borrowers over either the remaining escrow shortage repayment period or another period of up to 60 months.

To gain a full understanding of these topics, Servicers should review the entire Fannie Mae Lender Letter plus any applicable Fannie Mae Servicing Guide chapters, forms, or exhibits noted in the announcement.

"Mortgage Partnership Finance", "MPF", "eMPF", "MPF Xtra" and "eMAQCS" are registered trademarks of the Federal Home Loan Bank of Chicago. The "MPF Mortgage Partnership Finance" logo is a trademark of the Federal Home Loan Bank of Chicago.



Lender Letter (LL-2021-02)

Updated: May 4, 2022

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 and in the [Change Control Log](#). As we continue to monitor the COVID-19 pandemic and collaborate with the Federal Housing Finance Agency (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 immediately and until Fannie Mae provides further notice, unless otherwise stated.

May 4, 2022

- Increasing our expense reimbursement limits for interior and exterior property inspections.

Impact of the Homeowner Assistance Fund on Foreclosure-Related Activities [Apr. 6, 2022](#)

To allow a borrower that has experienced a COVID-19 related hardship time to obtain assistance offered through the Homeowner Assistance Fund (HAF) program, the servicer must delay initiating any judicial or non-judicial foreclosure process, moving for a foreclosure judgment or order of sale, or executing a foreclosure sale up to 60 days if

- the servicer receives notification from a mortgage assistance fund program provider participating in the HAF program, such as a housing finance agency or other designee, that the borrower has applied for mortgage assistance;
- the servicer
 - has sufficient time to delay initiation of the foreclosure process or moving for a foreclosure judgment or order of sale; or
 - in the case of a foreclosure sale, is notified at least 7 days before the sale; and
- any foreclosure trial or execution of a foreclosure sale can be delayed without dismissal of the action.

If the servicer determines that it did not have sufficient time to delay initiation of the foreclosure process or moving for a foreclosure judgment or order of sale, the servicer must document in the loan file why it was unable to delay the action and make any supporting documentation available to Fannie Mae upon request.

If the approved funds do not fully reinstate the mortgage loan, the servicer must attempt to contact the borrower to achieve quality right party contact (QRPC) in accordance with *Servicing Guide Chapter D2-2, Requirements for Contacting a Borrower* to resolve the remaining delinquency.

The servicer must obtain Fannie Mae's prior approval to suspend foreclosure-related activities beyond 60 days by submitting a request to the Loss Mitigation Mailbox at Loss_Mitigation@fanniemae.com.

Also see *Servicing Guide* [D2-3.1-05](#), Interacting with Mortgage Assistance Fund Program Providers for additional information.

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 “Pay for Performance” incentives

In [LL-2021-07, COVID-19 Payment Deferral and Fannie Mae Flex Modification for COVID-19 Impacted Borrowers](#), we clarified that if the mortgage loan was previously modified pursuant to a Home Affordable Modification Program (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

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 Updated May 4, 2022

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 delinquent and the property was not vacant or abandoned	not complete property inspections during the forbearance plan or an active post-forbearance plan workout option.
delinquent and the property was reported as vacant or abandoned	follow the property inspection requirements in <i>Inspecting a Property Securing a Delinquent Mortgage Loan</i> in <i>Servicing Guide</i> D2-2-10 , Requirements for Performing Property Inspections and property preservation requirements in <i>Servicing Guide</i> 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 *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 interior and exterior property inspections completed on and after May 4, 2022, we are increasing our expense reimbursement limit, as described in *Servicing Guide* [F-1-05](#), Expense Reimbursement, by \$5 to the amounts described in the following table.

Description	Maximum Reimbursement Amount
Interior Property Inspection	\$25/inspection
Exterior Property Inspection	\$20/inspection

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

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, and
 - grant one or more forbearance plan term extensions 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 18 months as measured from the start date of the initial forbearance plan, or
 - result in the mortgage loan becoming greater than 18 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](#) (now [LL-2021-07, COVID-19 Payment Deferral and Fannie Mae Flex Modification for COVID-19 Impacted Borrowers](#)) 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

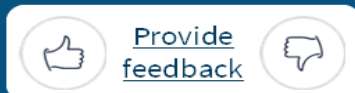
We offer a wealth of information and resources for servicers to help borrowers deal with the challenges associated with COVID-19:

- [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](#).

Let your voice be heard! We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Lender Letter.





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 UPB¹: \$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 UPB¹: \$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 shown 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

¹COVID-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.



Change Control Log

The following table provides a description of the updates that have been made to this Lender Letter.

Date of Update	Description of Update
Apr. 6, 2022	<ul style="list-style-type: none">▪ Instructed servicers to postpone foreclosure-related activities in connection with the HAF program.▪ Removed provisions regarding the suspension of foreclosure-related activities and filing motions for relief from the automatic stay in certain bankruptcy cases.
Jun. 30, 2021	Updated the provisions regarding the suspension of foreclosure-related activities and filing motions for relief from the automatic stay in certain bankruptcy cases
Jun. 24, 2021	Extended the suspension of foreclosure-related activities
Feb. 25, 2021	<ul style="list-style-type: none">▪ Extended the suspension of foreclosure-related activities▪ Updated our requirements related to forbearance plans for borrowers impacted by COVID-19
Feb. 10, 2021	<ul style="list-style-type: none">▪ Extended the suspension of foreclosure-related activities▪ Updated our requirements related to forbearance plans for borrowers impacted by COVID-19
Jan. 20, 2021	Extended 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: <ul style="list-style-type: none">▪ 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



Lender Letter (LL-2021-07)

Updated: May 4, 2022

To: All Fannie Mae Single-Family Servicers COVID-19 Payment Deferral and Fannie Mae Flex Modification for COVID-19 Impacted Borrowers

This Lender Letter contains the policies previously published in [LL-2020-07](#) on Nov. 18, 2020, with the most recent changes noted below. For a consolidated description of previous updates to this Lender Letter and [LL-2020-07](#), refer to the [Change Control Log](#). The policies in this Lender Letter are effective immediately and until we provide further notice, unless otherwise stated.

May 4, 2022

- Updated the requirements related to performing an escrow analysis to clarify that servicers must spread any escrow shortage repayment amount identified in the next annual analysis after a COVID-19 payment deferral or a Flex Modification in accordance with the reduced eligibility criteria for COVID-impacted borrowers over either the remaining escrow shortage repayment period or another period of up to 60 months.

This clarification also applies to Fannie Mae Flex Modification and disaster payment deferral and will be incorporated into the *Servicing Guide* with the June 2022 update.

This Lender Letter contains the following topics:

- [COVID-19 payment deferral](#)
- [Fannie Mae Flex Modification for COVID-19 impacted borrowers](#)
- [Evaluation hierarchy for a borrower impacted by COVID-19](#)
- [Updates to the *Investor Reporting Manual*](#)
- [Appendix](#)
- [Change Control Log](#)

COVID-19 payment deferral **Determining eligibility for a COVID-19 payment deferral**

The servicer must not require a complete Borrower Response Package (BRP) to evaluate the borrower for a COVID-19 payment deferral if the eligibility criteria are satisfied.

In order to be eligible for a COVID-19 payment deferral, the criteria in the following table must be met.



✓	Eligibility Criteria for a COVID-19 Payment Deferral
	<p>The borrower must</p> <ul style="list-style-type: none"> ▪ be on a COVID-19 related forbearance plan, or ▪ have experienced a financial hardship resulting from COVID-19 (for example, unemployment, reduction in regular work hours, or illness of a borrower/co-borrower or dependent family member) that has impacted their ability to make their full monthly contractual payment. <p>NOTE: <i>The servicer is not required to obtain documentation of the borrower’s hardship.</i></p>
	<p>The servicer must achieve Quality Right Party Contact (QRPC) to</p> <ul style="list-style-type: none"> ▪ determine the reason for the delinquency and whether it is temporary or permanent in nature; ▪ determine whether or not the borrower has the ability to repay the mortgage debt; ▪ educate the borrower on the availability of workout options, as appropriate; and ▪ obtain a commitment from the borrower to resolve the delinquency. <p>Additionally, the servicer must confirm that the borrower</p> <ul style="list-style-type: none"> ▪ has resolved the hardship; ▪ is able to continue making the full monthly contractual payment including the amount required to repay any escrow shortage amount over a term of 60 months; and ▪ is unable to reinstate the mortgage loan or afford a repayment plan to cure the delinquency. <p>NOTE: <i>If the mortgage loan was previously modified pursuant to a Fannie Mae Home Affordable Modification Program (HAMP) modification under which the borrower remains in “good standing,” and the borrower was on a COVID-19 related forbearance plan immediately preceding the COVID-19 payment deferral or had a COVID-19 related hardship immediately preceding the COVID-19 payment deferral, then the borrower will remain eligible to receive any future HAMP “pay for performance” incentives upon acceptance of the COVID-19 payment deferral.</i></p>
	<p>The mortgage loan must be a conventional first lien mortgage loan, and may be a fixed-rate, a step-rate, or an ARM.</p> <p>NOTE: <i>The property securing the mortgage loan may be vacant or condemned.</i></p>
	<p>The mortgage loan must</p> <ul style="list-style-type: none"> ▪ have been 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 ▪ be equal to or greater than one month delinquent but less than or equal to 18 months delinquent as of the date of evaluation. <p>NOTE: <i>If a borrower's hardship is related to COVID-19 but he or she was two or more months delinquent as of the effective date of the National Emergency declaration, and the servicer determines the borrower can maintain his or her full monthly contractual payment, then the servicer must submit a request for a COVID-19 payment deferral through Fannie Mae’s servicing solutions system for review and obtain prior approval from Fannie Mae.</i></p> <p>NOTE: <i>If a mortgage loan was originated after Mar. 1, 2020, the effective date of the National Emergency Declaration related to COVID-19, and otherwise meets all criteria to receive a COVID-19</i></p>



✓	Eligibility Criteria for a COVID-19 Payment Deferral
	<i>payment deferral, then the servicer must evaluate the borrower for a COVID-19 payment deferral and, if eligible, offer the COVID-19 payment deferral.</i>
	The mortgage loan may receive more than one COVID-19 payment deferral, however, no more than 18 months of cumulative past-due P&I payments may be deferred. NOTE: <i>This does not include past-due P&I payments deferred with a non-COVID-19 payment deferral.</i>
	The mortgage loan must not be subject to <ul style="list-style-type: none"> ▪ a recourse or indemnification arrangement under which Fannie Mae purchased or securitized the mortgage loan or that was imposed by Fannie Mae after the mortgage loan was purchased or securitized, ▪ an approved liquidation workout option, ▪ an active and performing repayment plan or other non-COVID-19 related forbearance plan, ▪ a current offer for another retention workout option, or ▪ an active and performing mortgage loan modification Trial Period Plan.

Determining eligibility for a COVID-19 payment deferral for a Texas Section 50(a)(6) loan

A Texas Section 50(a)(6) loan is eligible for a COVID-19 payment deferral if

- the requirements described in [Determining eligibility for a COVID-19 payment deferral](#) are satisfied, and
- the application of a COVID-19 payment deferral to the mortgage loan complies with applicable law.

If the servicer receives notice from the borrower that a COVID-19 payment deferral fails to comply with Texas Section 50(a)(6) requirements, the servicer must immediately, but no later than seven business days after receipt, take the actions listed in the following table.

✓	The servicer must...
	Inform our Legal department by submitting a <i>Non-Routine Litigation Form (Form 20)</i> and include the borrower notice in its submission.
	Collaborate with us on the appropriate response, including any cure that may be necessary, within the 60-day time frame provided by the requirements of Texas Section 50(a)(6).

Performing an escrow analysis for a COVID-19 payment deferral Updated May 4, 2022

When a borrower is eligible for a COVID-19 payment deferral and the servicer was not collecting escrows on the existing mortgage loan, the servicer is not required to revoke any escrow deposit account waiver and establish an escrow deposit account as a condition of the COVID-19 payment deferral if the servicer confirms the borrower is current on the payments for taxes, special assessments, property and flood insurance payments, payments for borrower-purchased MI, ground rents, and similar items.

Prior to offering a COVID-19 payment deferral, the servicer must analyze an existing escrow account to estimate the periodic escrow deposit required to ensure adequate funds are available to pay future charges, taking into consideration T&I payments that may come due during the processing month, if applicable.

If the servicer identifies an escrow shortage as the result of an escrow analysis in connection with a COVID-19 payment deferral, the servicer must spread repayment of the escrow shortage amount in equal monthly payments over a term of 60 months, unless the borrower decides to pay the shortage amount up-front or over a shorter period, not less than 12 months. Any subsequent escrow shortage that may be identified in the next annual analysis cycle must be spread out over either the remaining term of the initial escrow shortage repayment period or another period of up to 60 months.



Any escrow account shortage that is identified at the time of the COVID-19 payment deferral must not be included in the non-interest bearing balance and the servicer is not required to fund any existing escrow account shortage.

If applicable law prohibits the establishment of the escrow account, the servicer must ensure that the T&I payments are paid to date.

Determining the COVID-19 payment deferral terms

The servicer must defer the following amounts as a non-interest bearing balance, due and payable at maturity 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 UPB:

- up to 18 months of past-due P&I payments, provided that it does not result in more than 18 months of past-due P&I payments cumulatively deferred as a result of a COVID-19 payment deferral;
- out-of-pocket escrow advances resulting from a delinquency and paid to third parties, provided they are paid prior to the effective date of the COVID-19 payment deferral; and
- servicing advances resulting from a delinquency, paid to third parties in the ordinary course of business, 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 loan must remain unchanged.

Any existing non-interest bearing balance amount on the mortgage loan remains due and payable at maturity 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 UPB.

Completing a COVID-19 payment deferral

The servicer must complete (i.e., submit the case via Fannie Mae's servicing solutions system) a COVID-19 payment deferral in the same month in which it determines the borrower is eligible.

The servicer is authorized to use an additional month to allow for sufficient processing time (a "processing month") to complete a COVID-19 payment deferral. The servicer must treat all borrowers equally in applying the processing month, as evidenced by a written policy.

NOTE: *The borrower must make his or her full monthly contractual payment during the processing month if, as of the date of evaluation*

- *the mortgage loan is 18 months delinquent, or*
- *the COVID-19 payment deferral would cause the mortgage loan to exceed 18 months of cumulative deferred past-due P&I payments.*

In this circumstance, 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.

The servicer must send the COVID-19 [payment deferral agreement](#), or equivalent, to the borrower no later than five days after the completion of the COVID-19 payment deferral.

While use of the COVID-19 payment deferral agreement is optional, it reflects the minimum level of information that the servicer must communicate and illustrates a level of specificity that complies with the requirements of the *Servicing Guide*. Also, the servicer must ensure the COVID-19 payment deferral agreement complies with applicable law.

NOTE: *If the servicer determines the borrower's signature is required on the COVID-19 payment deferral agreement, it must receive the executed agreement prior to completing the COVID-19 payment deferral.*

The servicer's application of a COVID-19 payment deferral to the mortgage loan must not impair our first lien position or enforceability against the borrower(s) in accordance with its terms.



The servicer must record the COVID-19 payment deferral agreement if the servicer determines that recordation is required to comply with law and ensure that the mortgage loan retains its first lien position. The servicer must obtain a title endorsement or similar title insurance product issued by a title insurance company if the COVID-19 payment deferral agreement will be recorded.

The servicer must also provide documents to the document custodian in accordance with the following table.

If the COVID-19 payment deferral agreement is...	Then the servicer must send...
not required to be signed by the borrower	a copy of the COVID-19 payment deferral agreement signed by the servicer to the document custodian within 25 days of the effective date of the COVID-19 payment deferral.
required to be signed by the borrower but not recorded	the fully executed original COVID-19 payment deferral agreement to the document custodian within 25 days of the effective date of the COVID-19 payment deferral.
required to be recorded	<ul style="list-style-type: none"> ▪ a certified copy of the fully executed COVID-19 payment deferral agreement to the document custodian within 25 days of the effective date of the COVID-19 payment deferral, and ▪ the original COVID-19 payment deferral agreement that is returned from the recorder’s office to the document custodian within 5 business days of receipt.

Soliciting the borrower for a post-forbearance COVID-19 payment deferral

If the servicer is unable to establish QRPC as described in [Determining eligibility 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 a solicitation for a COVID-19 payment deferral within 15 days after expiration of the forbearance plan.

The servicer must solicit the borrower using the [Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter](#) with the COVID-19 payment deferral agreement or the equivalent, making any appropriate changes to comply with applicable law.

While use of the [Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter](#) and COVID-19 payment deferral agreement is optional, it reflects the minimum level of information that the servicer must communicate and illustrates a level of specificity that complies with the requirements of the *Servicing Guide*.

The [Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter](#) must include language that additional forbearance may be available if the borrower's hardship is not resolved, and that a mortgage loan modification may be available if the borrower needs payment relief.

The servicer must include instruction on how to accept the offer in the COVID-19 payment deferral agreement. The servicer is authorized to consider the following as acceptance by the borrower, subject to applicable law:

- the borrower contacting the servicer directly in accordance with any acceptable outreach and communication method,
- the borrower returning an executed COVID-19 payment deferral agreement, or
- any other method evidencing the borrower's acceptance as determined by the servicer.

The borrower must make his or her full monthly contractual payment during the month of the solicitation if, as of the date of evaluation

- the mortgage loan is 18 months delinquent, or



- the COVID-19 payment deferral would cause the mortgage loan to exceed 18 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 solicitation after receipt of the borrower's full monthly contractual payment due during that month.

NOTE: *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 during that month.*

Processing a COVID-19 payment deferral for an MBS mortgage loan

MBS mortgage loans subject to a COVID-19 payment deferral will not be subject to automatic reclassification as described in [A1-3-06](#), Automatic Reclassification of MBS Mortgage Loans. In addition, the servicer must not make a manual reclassification request for mortgage loans subject to a COVID-19 payment deferral.

Reporting a delinquency status code for a COVID-19 payment deferral

The servicer must report delinquency status information to Fannie Mae through Fannie Mae's servicing solutions system in accordance with [D2-4-01](#), Reporting a Delinquent Mortgage Loan to Fannie Mae.

Unlike Fannie Mae's other workout options, COVID-19 payment deferral does not have a unique workout option delinquency status code. As a result, in the month the payment deferral is completed and the mortgage loan is reflected as current in Fannie Mae's investor reporting system, if no other delinquency status code is applicable to a mortgage loan subject to a COVID-19 payment deferral, the servicer is not required to report delinquency status information to Fannie Mae.

As a reminder, in accordance with [LL-2021-02, Impact of COVID-19 on Servicing](#), the servicer must report reason for delinquency code 022, Energy- Environment Costs, when reporting the delinquency status of such mortgage loans to Fannie Mae.

Reporting a COVID-19 payment deferral to Fannie Mae

The servicer must submit an eligible COVID-19 payment deferral case to Fannie Mae's servicing solutions system by entering loan-level information, including the applicable campaign ID to identify a COVID-19 payment deferral. The case must be entered by the last day of the month in which the evaluation took place.

If the borrower is required to make his or her full monthly contractual payment during the month of the solicitation, the servicer must remit and report via a Loan Activity Record (LAR) to Fannie Mae the borrower's full monthly contractual payment prior to completing the COVID-19 payment deferral in Fannie Mae's servicing solutions system.

If the servicer chooses to use a processing month, the servicer must enter the COVID-19 payment deferral case within the processing month, but no later than the last day of such month. If a full monthly contractual payment is required in the processing month, then the servicer must remit and report via a Loan Activity Record (LAR) to Fannie Mae the borrower's full monthly contractual payment due in the processing month prior to completing the COVID-19 payment deferral in Fannie Mae's servicing solutions system.

NOTE: *If the servicer does not remit and report via a LAR the full monthly contractual payment at least one business day prior to the last day of the month, the servicer will not be able to complete the COVID-19 payment deferral case. If the UPB or LPI reported in Fannie Mae's servicing solutions system prior to application of a COVID-19 payment deferral does not agree with the last reported UPB or LPI in Fannie Mae's investor reporting system, the COVID-19 payment deferral will not be processed in Fannie Mae's investor reporting system until the discrepancy is resolved.*



See [Updates to the Investor Reporting Manual](#) within this Lender Letter for additional information.

Processing a COVID-19 payment deferral for a mortgage loan with mortgage insurance

We have obtained delegation of authority on behalf of all servicers from the following mortgage insurers for the COVID-19 payment deferral: Arch MI, Essent Guaranty, Enact, MassHousing, MGIC, National Mortgage Insurance, Radian Guaranty, RMIC, and United Guaranty.

If we have not obtained delegation of authority from the mortgage insurer for any particular workout option, the servicer must obtain this delegation or seek individual mortgage insurer approval.

Credit bureau reporting for a COVID-19 payment deferral

The servicer must report the status of the mortgage loan to the credit bureaus in accordance with the Fair Credit Reporting Act, including as amended by the Coronavirus Aid, Relief, and Economic Security Act, for borrowers affected by the COVID-19 emergency.

Handling fees and late charges in connection with a COVID-19 payment deferral

The servicer must not charge the borrower administrative fees. It must waive all late charges, penalties, stop payment fees, or similar charges upon completing a COVID-19 payment deferral.

Incentive fees for a COVID-19 payment deferral

The servicer is eligible for a \$500 incentive fee upon completion of a COVID-19 payment deferral. Also, see *Servicing Guide* [F-2-02](#), Incentive Fees for Workout Options for additional information.

Servicing fees for a COVID-19 payment deferral

The servicer will continue to receive the servicing fee it was receiving prior to completing the COVID-19 payment deferral after the COVID-19 payment deferral becomes effective.

Servicing fees, guaranty fees, and excess servicing fees (if applicable) will be reimbursed for mortgage loans that receive a COVID-19 payment deferral at the time the mortgage loan matures or is paid-in-full through a credit to the servicer's custodial account.

Paying expenses and requesting reimbursement related to a COVID-19 payment deferral

The servicer must pay any necessary and actual out-of-pocket expenses in accordance with the *Servicing Guide* associated with the execution of a COVID-19 payment deferral, including, but not limited to:

- required notary fees,
- recording costs,
- title costs, or
- any other allowable and documented expense.

NOTE: *The above expenses must not be included in the non-interest bearing balance created by the COVID-19 payment deferral.*

We will reimburse the servicer for allowable out-of-pocket expenses in accordance with [F-1-05](#), Expense Reimbursement.



With regard to expenses that are advanced to third parties in accordance with our *Servicing Guide* and included in the non-interest bearing balance, the servicer will not automatically be reimbursed for expenses related to a COVID-19 payment deferral upon completion of the COVID-19 payment deferral, but instead must request reimbursement from Fannie Mae. The servicer must submit its *request for expense reimbursement* for expenses advanced and included in the non-interest bearing balance within 60 days of the completion of the COVID-19 payment deferral. See [E-5-01](#), Requesting Reimbursement for Expenses for additional information.

Fannie Mae Flex Modification for COVID-19 Impacted Borrowers

Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification

The following table provides the reduced eligibility criteria for evaluating a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification.

✓	Reduced eligibility criteria when evaluating a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification
	The mortgage loan must be a first-lien conventional mortgage loan.
	<p>The mortgage loan must</p> <ul style="list-style-type: none"> ▪ have been 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 ▪ be at least 90 days delinquent. <p>NOTE: <i>If a mortgage loan was originated after Mar. 1, 2020, the effective date of the National Emergency Declaration related to COVID-19, and otherwise meets the reduced eligibility criteria to receive a Fannie Mae Flex Modification, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in this table and, if eligible, offer the Fannie Mae Flex Modification.</i></p>
	<p>The mortgage loan must not be subject to</p> <ul style="list-style-type: none"> ▪ a recourse or indemnification arrangement under which Fannie Mae purchased or securitized the mortgage loan or that was imposed by Fannie Mae after the mortgage loan was purchased or securitized; ▪ a current offer for another mortgage loan modification or other workout option; ▪ an approved liquidation workout option; or ▪ an active and performing repayment plan, other non COVID-19 related forbearance plan, or Trial Period Plan.

NOTE: *With the exception of the reduced eligibility criteria, determining the new modified mortgage loan terms, escrow administration, and solicitation requirements when evaluating a borrower for a Fannie Mae Flex Modification in this Lender Letter, the servicer must otherwise refer to the requirements in the Servicing Guide for processing and completing a Fannie Mae Flex Modification.*

If the servicer is unable to establish QRPC as described in [Determining eligibility for a COVID-19 payment deferral](#) with a borrower on a COVID-19 related forbearance plan and the borrower is ineligible for a COVID-19 payment deferral, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table above and,



if eligible, the servicer must send an offer for a Fannie Mae Flex Modification within 15 days after expiration of the forbearance plan.

In addition, if a borrower is eligible for a COVID-19 payment deferral but does not respond to the COVID-19 payment deferral offer as described in [Soliciting the borrower for a post-forbearance COVID-19 payment deferral](#) by the acceptance date provided in the COVID-19 payment deferral agreement, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table above and, if eligible, solicit the borrower for a Fannie Mae Flex Modification within 15 days after the expiration of the COVID-19 payment deferral offer.

NOTE: *In either case, the servicer is authorized to continue proactive solicitation for a Fannie Mae Flex Modification at its discretion.*

The servicer must not solicit a borrower for a Fannie Mae Flex Modification if the property has a scheduled foreclosure sale date within

- 60 days of the evaluation date if the property is in a judicial state, or
- 30 days of the evaluation date if the property is in a non-judicial state.

The servicer must send the borrower the applicable [Flex Modification Solicitation Cover Letter](#) with the Flex Modification Trial Period Plan Solicitation Offer — Not Based on an Evaluation of a BRP [Evaluation Notice](#), or the equivalent, and make appropriate changes to these documents, including the applicable Frequently Asked Questions and as needed to comply with applicable law.

See also [Determining the new modified mortgage loan terms for a Fannie Mae Flex Modification for COVID-19 impacted borrowers](#) within this Lender Letter.

Evaluating a borrower who defaulted after completing a COVID-19 payment deferral for a Fannie Mae Flex Modification

If the borrower becomes 60 days delinquent within 6 months of the COVID-19 related payment deferral’s effective date and the servicer is unable to achieve QRPC, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in the table below and if eligible, offer the Flex Modification to the borrower no later than the 75th day of delinquency. The servicer is not required to

- receive a complete BRP from the borrower, or
- have previously solicited the borrower for a workout option.

NOTE: *The servicer is authorized to continue proactive solicitation for Fannie Mae Flex Modification based on reduced eligibility criteria at its discretion. The servicer must not solicit a borrower for a Fannie Mae Flex Modification based on reduced eligibility criteria if the property has a scheduled foreclosure sale date within 60 days of the evaluation date if the property is in a judicial state, or within 30 days of the evaluation date if the property is in a non-judicial state.*

✓	Reduced eligibility criteria when soliciting a borrower who defaulted after completing a COVID-19 payment deferral
	The mortgage loan must be a first-lien conventional mortgage loan.
	The mortgage loan must not be subject to <ul style="list-style-type: none"> ▪ a recourse or indemnification arrangement under which Fannie Mae purchased or securitized the mortgage loan or that was imposed by Fannie Mae after the mortgage loan was purchased or securitized; ▪ a current offer for another mortgage loan modification or other workout option; ▪ an approved liquidation workout option; or



✓	Reduced eligibility criteria when soliciting a borrower who defaulted after completing a COVID-19 payment deferral
	<ul style="list-style-type: none"> ▪ an active and performing repayment plan, forbearance plan, or Trial Period Plan.

The servicer must send the borrower the applicable [Flex Modification Solicitation Cover Letter](#) with the Flex Modification Trial Period Plan Solicitation Offer — Not Based on an Evaluation of a BRP [Evaluation Notice](#), or the equivalent, and make appropriate changes to these documents, including the applicable Frequently Asked Questions and as needed to comply with applicable law.

See also [Determining the new modified mortgage loan terms for a Fannie Mae Flex Modification for COVID-19 impacted borrowers](#) within this Lender Letter.

Performing an escrow analysis for a Fannie Mae Flex Modification for COVID-19 impacted borrowers Updated May 4, 2022

When a borrower is eligible for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria as outlined in [Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification](#) or in [Evaluating a borrower who defaulted after completing a COVID-19 payment deferral for a Fannie Mae Flex Modification](#) and the servicer was not collecting escrows on the existing mortgage loan, the servicer is not required to revoke any escrow deposit account waiver and establish an escrow deposit account as a condition of the mortgage loan modification if the servicer confirms the borrower is current on the payments for taxes, special assessments, property and flood insurance payments, payments for borrower-purchased MI, ground rents, and similar.

Prior to offering a Fannie Mae Flex Modification, the servicer must analyze an existing escrow account to estimate the periodic escrow deposit required to ensure adequate funds are available to pay future charges, taking into consideration T&I payments that may come due during the trial period plan.

If the initial escrow analysis identifies an escrow shortage, the servicer must spread repayment of the escrow shortage amount in equal monthly payments over a term of 60 months, unless the borrower decides to pay the shortage amount up-front or over a shorter period, not less than 12 months. Any subsequent escrow shortage that may be identified in the next annual analysis cycle must be spread out over either the remaining term of the initial escrow shortage repayment period or another period of up to 60 months.

Any escrow account shortage that is identified at the time of the mortgage loan modification must not be capitalized and the servicer is not required to fund any existing escrow account shortage.

If applicable law prohibits the establishment of the escrow account, the servicer must ensure that the T&I payments are paid to date.

Determining the new modified mortgage loan terms for a Fannie Mae Flex Modification for COVID-19 impacted borrowers

When a borrower is eligible for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria as outlined in [Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification](#) or in [Evaluating a borrower who defaulted after completing a COVID-19 payment deferral for a Fannie Mae Flex Modification](#), the servicer must determine the borrower's new modified mortgage loan terms in accordance with *Determining the Fannie Mae Flex Modification Terms* in [D2-3.2-07](#), Fannie Mae Flex Modification, and in accordance with the requirements below in lieu of those provided in *Determining the New Modified Mortgage Loan Terms* in [F-1-27](#), Processing a Fannie Mae Flex Modification.

NO TE : *With the exception of Step 2, all other steps in the table below that are applicable to a Fannie Mae Flex Modification for COVID-19 impacted borrowers under the reduced eligibility criteria remain unchanged and are included for ease of reference.*



The servicer must determine the post-modification MTMLTV ratio and complete all the steps in the order shown in the following table, unless prohibited by applicable law, to determine the borrower's new modified mortgage loan terms.

Step	Servicer Action						
1	<p>Capitalize eligible arrearages. The following are considered as acceptable arrearages for capitalization:</p> <ul style="list-style-type: none"> ▪ accrued interest; ▪ out-of-pocket escrow advances to third parties, provided they are paid prior to the effective date of the mortgage loan modification; ▪ servicing advances paid to third parties in the ordinary course of business and not retained by the servicer, provided they are paid prior to the effective date of the mortgage loan modification, if allowed by state laws; and ▪ any outstanding non-interest bearing balance from a previously completed loan modification or a previously completed payment deferral. <p>NOTE: <i>If applicable state law prohibits capitalization of past due interest or any other amount, the servicer must collect such funds from the borrower over a period not to exceed 60 months unless the borrower decides to pay the amount up-front. Late charges may not be capitalized and must be waived if the borrower satisfies all conditions of the Trial Period Plan.</i></p> <p>See <i>Administering an Escrow Account in Connection With a Mortgage Loan Modification</i> in B-1-01, Administering an Escrow Account and Paying Expenses for additional information.</p>						
2	<p>Set the modification interest rate to a fixed rate based on the requirements in the following table using the contractual interest rate in effect for the periodic payment due in the month of the evaluation date.</p> <table border="1" data-bbox="224 989 1533 1346"> <thead> <tr> <th data-bbox="224 989 878 1022">If the mortgage loan is...</th> <th data-bbox="878 989 1533 1022">Then the servicer must...</th> </tr> </thead> <tbody> <tr> <td data-bbox="224 1022 878 1161">a fixed rate (including an ARM or step-rate that has reached its final step)</td> <td data-bbox="878 1022 1533 1161">Set the modified interest rate to the lesser of <ul style="list-style-type: none"> ▪ the Fannie Mae Modification Interest Rate, or ▪ the borrower's current contractual interest rate. </td> </tr> <tr> <td data-bbox="224 1161 878 1346">an ARM or step-rate that has not reached its final interest rate</td> <td data-bbox="878 1161 1533 1346">Set the modified interest rate to the lesser of <ul style="list-style-type: none"> ▪ the Fannie Mae Modification Interest Rate, ▪ the final interest rate for the step-rate modification, or ▪ the lifetime interest rate cap for the ARM. </td> </tr> </tbody> </table>	If the mortgage loan is...	Then the servicer must...	a fixed rate (including an ARM or step-rate that has reached its final step)	Set the modified interest rate to the lesser of <ul style="list-style-type: none"> ▪ the Fannie Mae Modification Interest Rate, or ▪ the borrower's current contractual interest rate. 	an ARM or step-rate that has not reached its final interest rate	Set the modified interest rate to the lesser of <ul style="list-style-type: none"> ▪ the Fannie Mae Modification Interest Rate, ▪ the final interest rate for the step-rate modification, or ▪ the lifetime interest rate cap for the ARM.
If the mortgage loan is...	Then the servicer must...						
a fixed rate (including an ARM or step-rate that has reached its final step)	Set the modified interest rate to the lesser of <ul style="list-style-type: none"> ▪ the Fannie Mae Modification Interest Rate, or ▪ the borrower's current contractual interest rate. 						
an ARM or step-rate that has not reached its final interest rate	Set the modified interest rate to the lesser of <ul style="list-style-type: none"> ▪ the Fannie Mae Modification Interest Rate, ▪ the final interest rate for the step-rate modification, or ▪ the lifetime interest rate cap for the ARM. 						
3	<p>Extend the term to 480 months from the mortgage loan modification effective date.</p> <p>NOTE: <i>When the mortgage loan is secured by a property where the title is held as a leasehold estate, the term of the leasehold estate must not expire prior to the date that is five years beyond the new maturity date of the modified mortgage loan. In the event that the current term of the leasehold estate would expire prior to such date, the term of the leasehold estate must be renegotiated to satisfy this requirement for the mortgage loan to be eligible for the mortgage loan modification.</i></p>						
4	<p>Forbear principal if the post-modification MTMLTV ratio is greater than 100%, in an amount that is the lesser of</p> <ul style="list-style-type: none"> ▪ an amount that would create a post-modification MTMLTV ratio of 100% using the interest-bearing UPB, or ▪ 30% of the gross post-modification UPB of the mortgage loan. 						
5	<p>Provide or increase principal forbearance until a 20% P&I payment reduction is achieved; however, the servicer must not forbear more than</p> <ul style="list-style-type: none"> ▪ an amount that would create a post-modification MTMLTV ratio less than 80% using the interest-bearing principal balance, or ▪ 30% of the gross post-modification UPB of the mortgage loan. 						



NOTE: Interest must not accrue on any principal forbearance. Principal forbearance is payable upon the earliest of the maturity of the mortgage loan modification, sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing UPB.

Update to Fannie Mae Flex Modification eligibility criteria

A COVID-19 payment deferral does not count as a mortgage loan modification when determining the number of times the mortgage loan has previously been modified for purposes of determining eligibility for a Fannie Mae Flex Modification in accordance with *Determining Eligibility for a Fannie Mae Flex Modification* in [D2-3.2-07](#), Fannie Mae Flex Modification.

Evaluation hierarchy for a borrower impacted by COVID-19

Evaluation hierarchy for a borrower impacted by COVID-19

The servicer must evaluate borrowers impacted by COVID-19 for a COVID-19 payment deferral or a Fannie Mae Flex Modification in accordance with the eligibility requirements and evaluation hierarchy described below.

If the servicer determines that the borrower is unable to resolve the delinquency through a reinstatement and cannot afford a repayment plan, the servicer must evaluate the borrower for a workout option in accordance with the evaluation hierarchy in the following table.

If the servicer...	Then the servicer must evaluate the borrower impacted by COVID-19 for...
<p>achieves QRPC with the borrower, regardless of whether the borrower was on a COVID-19 related forbearance plan</p>	<ul style="list-style-type: none"> ▪ a COVID-19 payment deferral in accordance with Determining eligibility for a COVID-19 payment deferral, and if eligible offer a COVID-19 payment deferral; unless <ul style="list-style-type: none"> ○ the servicer determines that the borrower is not capable of maintaining the full contractual monthly PITI payment, including the amount required to repay any escrow shortage amount over a term of 60 months; ○ the mortgage loan is greater than 18 months delinquent; or ○ the COVID-19 payment deferral would result in the mortgage loan exceeding 18 cumulative months of deferred past-due P&I payments; then the servicer must evaluate the borrower for ▪ a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification, and if eligible offer a Fannie Mae Flex Modification; unless <ul style="list-style-type: none"> ○ the mortgage loan is two or more months delinquent as of the effective date of the National Emergency declaration related to the COVID-19 emergency; or ○ the mortgage loan is less than 90 days delinquent; then the servicer must evaluate the borrower for ▪ a Fannie Mae Flex Modification in accordance with D2-3.2-07, Fannie Mae Flex Modification, and if eligible offer a Fannie Mae Flex Modification.
<p>does not achieve QRPC with a borrower who is on a COVID-19 related forbearance plan prior to the expiration of the plan</p>	<ul style="list-style-type: none"> ▪ a COVID-19 payment deferral if the borrower is otherwise eligible in accordance with Determining eligibility for a COVID-19 payment deferral, and if eligible, solicit the borrower for a COVID-19 payment deferral in accordance with Soliciting the borrower for a post-forbearance COVID-19 payment deferral; unless



If the servicer...	Then the servicer must evaluate the borrower impacted by COVID-19 for...
	<ul style="list-style-type: none"> ○ the mortgage loan is greater than 18 months delinquent, or ○ the COVID-19 payment deferral would result in the mortgage loan exceeding 18 cumulative months of deferred past-due P&I payments; then the servicer must evaluate the borrower for ▪ a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification, and if eligible, solicit the borrower for a Fannie Mae Flex Modification in accordance with Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification; unless <ul style="list-style-type: none"> ○ the mortgage loan is two or more months delinquent as of the effective date of the National Emergency declaration related to the COVID-19 emergency; then the servicer must evaluate the borrower for ▪ a Fannie Mae Flex Modification in accordance with D2-3.2-07, Fannie Mae Flex Modification; and if the mortgage loan is 90 or more days delinquent and the borrower is otherwise eligible, solicit the borrower a Fannie Mae Flex Modification in accordance with Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification. <p>NOTE: <i>If the borrower doesn't respond to the COVID-19 payment deferral offer as described in Soliciting the borrower for a post-forbearance COVID-19 payment deferral by the acceptance date provided in the COVID-19 payment deferral agreement, then the servicer must evaluate the borrower for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria in accordance with Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification and, if eligible, solicit the borrower for a Fannie Mae Flex Modification in accordance with Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification.</i></p>
does not achieve QRPC with a borrower who was not on a COVID-19 related forbearance plan	<ul style="list-style-type: none"> ▪ a Fannie Mae Flex Modification in accordance with D2-3.2-07, Fannie Mae Flex Modification; and if the mortgage loan is 90 or more days delinquent and the borrower is otherwise eligible, solicit the borrower a Fannie Mae Flex Modification in accordance with Evaluating or soliciting a borrower with a COVID-19 related hardship for a Fannie Mae Flex Modification.

Updates to the Investor Reporting Manual

Updates to the Investor Reporting Manual

Reporting a Mortgage Loan Eligible for a COVID-19 Payment Deferral

Loan activity reporting must continue on a delinquent mortgage loan that is subject to a COVID-19 payment deferral. If the mortgage loan is in an MBS pool, then the servicer must not request a reclassification.

The final “pre-payment deferral” UPB and LPI values in Fannie Mae’s servicing solutions system must match the last reported UPB and LPI in Fannie Mae’s investor reporting system. If the values do not match, this will cause an exception in Fannie Mae’s servicing solutions system and the COVID-19 payment deferral case cannot close until this discrepancy is resolved.

For a COVID-19 payment deferral, reporting a payment LAR with LPI and UPB movement is only required during the month of the solicitation or if the servicer has chosen to use a processing month and as of the date of evaluation the mortgage loan is

- 18 months delinquent, or
- the COVID-19 payment deferral would cause the mortgage loan to exceed 18 months of cumulative deferred past-due P&I



payments.

In this instance, the borrower must make his or her full monthly contractual payment during the evaluation month or processing month, as applicable, and the servicer must report the payment LAR at least one business day prior to the last day of such calendar month. Failure to do so will result in the COVID-19 payment deferral not being processed in Fannie Mae’s servicing solutions system.

The following table provides additional instructions based on what is processed in the current reporting month prior to acceptance of the payment deferral in Fannie Mae’s investor reporting system.

If...	Then...
no LAR or a LAR without LPI and UPB movement is processed by CD22 in the current reporting month prior to the COVID-19 payment deferral’s acceptance	<p>the servicer must report a subsequent LAR with LPI and UPB movement reflecting the “pre-COVID-19 payment deferral” activity. The payment LAR must be reported at least one business day prior to the last day of the calendar month.</p> <p>NOTE: <i>This is applicable only in instances where a full monthly contractual payment is required in the evaluation or processing month.</i></p>
a LAR was successfully processed and the COVID-19 payment deferral is accepted in the current reporting month	<p>any subsequent LAR received in the same reporting month will be deemed “Invalid” and will be reflected as such in the Loan Activity Summary Report. A detailed list can be obtained from your Investor Reporting analyst.</p> <p>NOTE: <i>The first LAR that Fannie Mae will accept after the COVID-19 payment deferral terms are reflected in the Fannie Mae’s investor reporting system will be in the next reporting month.</i></p>

Reporting a Mortgage Loan After a COVID-19 Payment Deferral

A COVID-19 payment deferral creates a non-interest bearing balance (referred to in the *Investor Reporting Manual* as “principal forbearance”) due and payable at the maturity 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 UPB. The servicer must not calculate interest on the principal forbearance amount.

In the reporting month following the acceptance of a COVID-19 payment deferral, the servicer must report the mortgage loan’s

- net UPB (gross UPB minus the principal portion of the COVID-19 payment deferral amount) in the “Actual UPB” field on the LAR if there is no LPI movement; or
- amortized UPB based on the net UPB (gross UPB minus the principal portion of the COVID-19 payment deferral amount) in the “Actual UPB” field on the LAR if there is LPI movement.

NOTE: *The initial reduction in UPB caused by the principal forbearance must not be reported to Fannie Mae as a principal curtailment.*

The following table provides additional instructions related to reporting requirements for mortgage loans that were subject to a payment deferral and have an outstanding principal forbearance at the time of a principal curtailment, a payoff, or a repurchase.

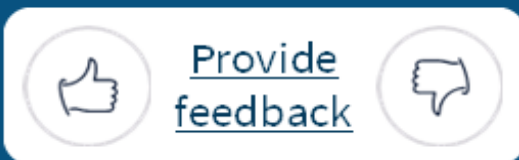


If...	Then...
a principal curtailment is received	<ul style="list-style-type: none"> ▪ if the principal curtailment being applied is less than the interest-bearing UPB, the servicer must apply such principal curtailment to the interest-bearing UPB. ▪ if the principal curtailment is greater than or equal to the interest-bearing UPB, then the servicer must apply such curtailment in the following order: <ol style="list-style-type: none"> 1. to the non-interest bearing balance, if any; and 2. to the interest-bearing UPB.
a payoff or a repurchase is received	<p>the servicer must include the principal forbearance amount when reporting the principal remittance amount.</p> <p>NOTE: <i>Principal forbearance reported on the liquidation LAR consists of the deferred principal amount, the gross interest amount, escrow advances, servicing advances, and any prior principal forbearance on the mortgage loan. Attempting to report a payoff or a repurchase without including the principal forbearance amount will generate an exception (hard reject) upon submission of the LAR.</i></p>

NOTE: Generally, servicer P&I advances will be reimbursed within three to four business days after a COVID-19 payment deferral has been accepted in Fannie Mae’s investor reporting system.

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](#).

Let your voice be heard! We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Lender Letter.





Appendix

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 modification that could lower your monthly mortgage payment. The loan modification changes the terms of the loan and targets lowering your monthly mortgage payment by extending the loan term to 40 years from the date of the modification. If you complete a loan modification, it will bring your loan current and prevent foreclosure. 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 Mortgage Release™ (deed-in-lieu of foreclosure): the transfer of 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 Mortgage Release 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]



Change Control Log

The following table provides a description of the updates that have been made to this Lender Letter and [LL-2020-07](#).

Date of Update	Description of Update
Nov. 17, 2021	<p>Updated the requirements related to performing an escrow analysis to require servicers to</p> <ul style="list-style-type: none"> ▪ perform an escrow analysis when evaluating a borrower for a COVID-19 payment deferral; ▪ inform the borrower of the full monthly contractual payment based on repayment of any escrow shortage amount over a term of 60 months before the borrower can accept the COVID-19 payment deferral offer; and ▪ spread any escrow shortage repayment amount in equal monthly payments over a period of 60 months, unless the borrower decides to pay the escrow shortage amount in a lump sum up-front or over a shorter period (not less than 12 months) for a COVID-19 payment deferral or a Flex Modification for COVID-19 impacted borrowers. <p>Servicers were encouraged to implement these policy changes upon publication on Nov. 17, 2021, but were required to implement them no later than Mar. 1, 2022. These changes also applied to Fannie Mae Flex Modification and disaster payment deferral.</p>
Jun. 30, 2021	<p>Required that borrowers who have experienced a hardship related to COVID-19 and who are not capable of maintaining their current contractual monthly PITI payment be evaluated for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria as described in this Lender Letter. In an effort to provide an interest rate reduction to these borrowers regardless of the mortgage loan's MTMLTV, we removed the post-modification MTMLTV threshold related to setting the modification interest rate when determining the new modified terms for a Fannie Mae Flex Modification that satisfies the reduced eligibility criteria.</p> <p>Servicers were encouraged to implement this policy change immediately upon publication on Jun. 30, 2021, but were required to implement it no later than Aug. 31, 2021.</p>
Feb. 25, 2021	<p>Updated the eligibility criteria for COVID-19 payment deferral to</p> <ul style="list-style-type: none"> ▪ permit the mortgage loan to be less than or equal to 18 months delinquent as of the date of evaluation, and ▪ eliminate the limit of one COVID-19 payment deferral and instead limit the COVID-19 payment deferral to a cumulative deferral of 18 months of past-due principal and interest (P&I) payments. <p>Updated the following requirements to reflect the amended COVID-19 payment deferral eligibility requirements above:</p> <ul style="list-style-type: none"> ▪ Determining the COVID-19 payment deferral terms ▪ Completing a COVID-19 payment deferral ▪ Soliciting the borrower for a post-forbearance COVID-19 payment deferral, including updates to the instructions in the Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter and the payment deferral agreement ▪ Reporting a COVID-19 payment deferral to Fannie Mae ▪ Evaluation hierarchy for a borrower impacted by COVID-19 ▪ Updates to the <i>Investor Reporting Manual</i>



Feb. 10, 2021	<p>Updated the eligibility criteria for COVID-19 payment deferral to</p> <ul style="list-style-type: none">▪ permit the mortgage loan to be less than or equal to 15 months delinquent as of the date of evaluation, and▪ eliminate the limit of one COVID-19 payment deferral and instead limit the COVID-19 payment deferral to a cumulative deferral of 15 months of past-due P&I payments. <p>Updated the following requirements to reflect the amended COVID-19 payment deferral eligibility requirements above:</p> <ul style="list-style-type: none">▪ Determining the COVID-19 payment deferral terms▪ Completing a COVID-19 payment deferral▪ Soliciting the borrower for a post-forbearance COVID-19 payment deferral, including updates to the instructions in the Payment Deferral Post COVID-19 Forbearance Solicitation Cover Letter and the payment deferral agreement▪ Reporting a COVID-19 payment deferral to Fannie Mae▪ Evaluation hierarchy for a borrower impacted by COVID-19▪ Updates to the <i>Investor Reporting Manual</i>
---------------	---



	Additionally, we clarified that a mortgage loan with an origination date after Mar. 1, 2020, the effective date of the National Emergency Declaration, does not exclude it from eligibility for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria.
Nov. 18, 2020	Eliminated the requirement for reporting a delinquency status code for a COVID-19 payment deferral if the mortgage loan is brought current
Oct. 14, 2020	<ul style="list-style-type: none">▪ Clarified when a borrower who accepts a COVID-19 payment deferral remains eligible for any future HAMP “pay for performance” incentives▪ Clarified that a mortgage loan with an origination date after Mar. 1, 2020, the effective date of the National Emergency Declaration, does not exclude it from COVID-19 payment deferral eligibility
Aug. 27, 2020	Incorporated minor revisions to better clarify the intent of certain requirements in response to servicer inquiries
Jul. 15, 2020	<ul style="list-style-type: none">▪ Updated the requirements for repayment of any escrow shortage amount identified in connection with a COVID-19 payment deferral or as part of the next annual analysis▪ Clarified how servicing fees, guaranty fees, and excess servicing fees (if applicable) will be reimbursed for mortgage loans that receive a COVID-19 payment deferral▪ Clarified that the servicer must evaluate the borrower for a Flex Modification in accordance with the reduced eligibility criteria when the borrower becomes 60 days delinquent within six months of the COVID-19 related payment deferral’s effective date and the servicer is unable to achieve QRPC
Jun. 10, 2020	<ul style="list-style-type: none">▪ Communicated the COVID-19 payment deferral incentive fee and provided reference to the updates to the workout option incentive fee structure introduced in Lender Letter LL-2020-09, Incentive Fees for Retention Workout Options▪ Clarified when a COVID-19 impacted borrower who accepts a COVID-19 payment deferral and whose mortgage loan was modified pursuant to HAMP loses good standing▪ Provided clarification on continued solicitation for a Fannie Mae Flex Modification based on reduced eligibility criteria when a borrower has defaulted on a COVID-19 payment deferral▪ Provided a revised COVID-19 payment deferral agreement updated in reference to the Coronavirus Aid, Relief, and Economic Security (CARES) Act
May 27, 2020	<ul style="list-style-type: none">▪ Communicated operational requirements related to reporting and completing a COVID-19 payment deferral▪ Communicated the process for obtaining reimbursement for expenses related to a COVID-19 payment deferral