Freddie Mac Single-Family

Bulletin

TO: Freddie Mac Servicers **April 8, 2020 | 2020-10**

SUBJECT: TEMPORARY SERVICING GUIDANCE RELATED TO COVID-19

Guide Bulletins 2020-4 and 2020-7 provided temporary Servicer guidance in response to the National Emergency Declaration resulting from the outbreak and spread of COVID-19. This Bulletin provides revised temporary guidance in response to feedback from Servicers, including questions relating to the impact of the recently enacted Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). In an effort to provide enhanced clarity for our Servicers, we are updating requirements pertaining to the below listed topics, while also reminding Servicers that they must always comply with all applicable federal, State and local laws, ordinances, regulations, orders and regulatory guidance. Topics addressed in this Bulletin include:

- Credit reporting requirements
- Foreclosure moratorium
- Bankruptcy motions for relief from automatic stay
- Forbearance plans
- Quality right party contact (QRPC)

Additionally, we are clarifying that our requirements for the Servicing of Mortgages for Freddie Mac Borrowers impacted by COVID-19 related hardships (as described in Bulletin 2020-4) are separate and distinct from our requirements for the Servicing of Mortgages and Borrowers impacted by an Eligible Disaster. While we are leveraging certain aspects of our disaster Servicing practices, the requirements for how we are applying those and other COVID-19 requirements are described in Bulletins 2020-4, 2020-6, 2020-7 and this Bulletin. Servicers must not submit disaster reporting codes to Freddie Mac or otherwise leverage disaster related requirements that have not been expressly approved for application as part of our COVID-19 response in one of the previously referenced Bulletins or related Purchase Documents. This includes, but is not limited to: i) proactively applying forbearance without any communication with the Borrower and, ii) suppression of credit reporting (see updated credit reporting requirements below). Going forward, we will continue to address the COVID-19 pandemic as unique and distinct from Eligible Disasters, unless otherwise stated in future communications from Freddie Mac, regardless of any past, present or future Federal Emergency Management Agency (FEMA) declarations.

EFFECTIVE DATE

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

Credit reporting requirements

For any Borrower impacted by COVID-19, the Servicer must report activity to the credit bureaus in accordance with applicable law, including the Fair Credit Reporting Act and the CARES Act.

Foreclosure moratorium

As provided in the CARES Act, Servicers must suspend all foreclosure actions, including foreclosure sales, through **May 17, 2020**. 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.

Bankruptcy – Filing motions for relief from automatic stay

Freddie Mac generally requires Servicers to file a motion for relief from automatic stay upon certain milestones based on the length of delinquency or post-petition payments per Guide Sections 9401.6 and 9401.7. In light of the CARES Act and other impacts resulting from the COVID-19 National Emergency, we are notifying Servicers that we are temporarily relieving them of their responsibility to meet these timelines. Servicers must continue to work with their bankruptcy counsel to determine the appropriate time to file such a motion.

Forbearance plans

In addition to the forbearance plan requirements described in Guide Chapter 9203, and the temporary measures announced in Bulletin 2020-4, we are temporarily making the following adjustments to our requirements for forbearance plan evaluations for Borrowers with a COVID-19 related hardship:

- Waiving the requirement that a forbearance plan may not extend beyond a date that would cause the Delinquency to exceed a cumulative total of 12 months of the Borrower's contractual monthly Mortgage payment, as described in Sections 9203.12 and 9203.13(a)
- Affirming that an eligible Borrower may be given an initial forbearance plan for up to 180 days, and thereafter one or more forbearance plan term extensions, provided the total forbearance terms do not exceed 12 months
- Affirming that after the terms of the forbearance plan have been determined, Servicers must send the Borrower the forbearance plan agreement to the Borrower, in accordance with Section 9203.13(c), and may use the template provided in Guide Exhibit 93, appropriately modified to reflect the terms of the COVID-19 forbearance

As required by the Guide, Bulletin 2020-4 and this Bulletin, the Servicer must make good faith efforts to establish QRPC with the Borrower in order to evaluate the Borrower for a forbearance plan, and the length of each forbearance plan term must be for an appropriate length, based on the Borrower's individual circumstances and nature of the hardship, and must be agreed upon with or requested by the Borrower. In the event the Servicer and Borrower cannot agree on an appropriate forbearance length, or further communication with the Borrower is not possible under the circumstances, the Servicer must provide the term requested by the Borrower, not to exceed 180 days.

QRPC

As described in Section 9102.3(b), QRPC occurs when a Servicer establishes contact with the Borrower and discusses with the Borrower, co-Borrower or trusted advisor, such as a housing counselor, 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 to a COVID-19 impacted Borrower in compliance with applicable law, the Servicer is considered to be in compliance with the Guide.

Outside of the forbearance requirements above, the Servicer must make good faith efforts to establish limited QRPC, in lieu of the full requirements of Section 9102.3(b), as described below for the purpose of determining the best loss mitigation strategy for the Borrower and answering the Borrower's questions relating to repayment of forborne amounts when the forbearance period has ended:

- Determining the reason for the Delinquency and whether the reason is temporary or permanent in nature
- Determining the Borrower's ability to repay the debt
- Setting payment expectations and educating the Borrower on the availability of alternatives to foreclosure as appropriate
- Obtaining a commitment from the Borrower to either resolve the Delinquency through traditional methods (paying the total delinquent amount) or engaging in an alternative to foreclosure solution

ADDITIONAL RESOURCES

We encourage Servicers to review the following resources:

- Our Single-Family web page on **COVID-19 resources**, which will include Servicing FAQs in the future

- **Joint guidance and FAQs** for Servicers during the COVID-19 crisis issued by federal and State regulators, including the Consumer Financial Protection Bureau

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