



Freddie Mac Announcement Regarding Loans with COVID-19 Forbearance and Aligned Loan Removal Policy

In an ongoing effort to provide transparency to investors regarding COVID-19, Freddie Mac is providing insight into our policies related to short term hardships. Over the past several weeks, we have published several [Guide Bulletins](#) providing temporary servicing measures to support Servicers' efforts to assist borrowers who may be facing hardships due to the COVID-19 pandemic. These measures include expanding our eligibility for temporary payment forbearance for up to 12 months to cover mortgages secured by second homes and investment properties. We've also provided servicing requirements concerning evaluation of borrowers for various relief options upon the end of the forbearance plan, including reinstatement and repayment plans for borrowers who are able to cure their delinquency, Payment Deferral for borrowers who have missed one or two monthly payments, but are unable to cure their delinquency, and, if borrowers are in need of additional relief, loan modifications.

Our regulator, FHFA, has directed Freddie Mac to align our loan removal policy with Fannie Mae's current practice related to loan removal for loans subject to temporary payment forbearance plans, including those plans implemented due to COVID-19. Loans in Freddie Mac Mortgage Participation Certificates (PCs), Uniform Mortgage-Backed Securities (UMBS), and Mortgage-Backed Securities (MBS) that receive forbearance, including loans impacted by COVID-19, will remain in the related mortgage securities pools. Once the forbearance period(s) expires, the loans will remain in the securities pools while:

- An offer to reinstate the loan or enter into either a Payment Deferral option, repayment plan or a trial period plan pursuant to a loan modification remains outstanding; or
- The loan is in an active repayment plan or trial period plan; or
- A Payment Deferral relief option is in effect.

If the related borrower has failed to timely accept or comply with the terms of a forbearance plan, payment deferral option, repayment plan, or trial period plan, or the borrower has successfully completed the trial period plan related to a loan modification, Freddie Mac must remove the loan from the security in accordance with aligned Enterprise practices. Loan modifications that include changes to the term or coupon generally require loan removal.

Generally, for fixed-rate loans in Freddie Mac mortgage-backed securities that are in temporary payment forbearance plans, market participants will see in our monthly disclosures the



percentage of loans reported as delinquent at the pool level increase to reflect those loans in temporary forbearance, although principal and interest payments are being advanced to the certificate holder.

For questions, please contact the Freddie Mac Investor Inquiry line at 800-336-3672 or investor_inquiry@freddiemac.com.

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