

Bulletin

TO: Freddie Mac Sellers

May 19, 2020 | 2020-17

SUBJECT: SELLING GUIDANCE RELATED TO COVID-19

We continue to work closely with Fannie Mae under the guidance of the FHFA to address the ongoing economic implications and uncertainty related to the coronavirus disease (COVID-19) pandemic and its impacts on Borrowers and the Mortgage origination process.

This Bulletin provides:

- Temporary [purchase and refinance eligibility requirements](#) for Borrowers with existing Mortgages
- An update to [representation and warranty framework requirements](#) related to Mortgages subject to forbearance agreements
- An extension of temporary requirements for [purchase of Mortgages in forbearance](#)

We are also reminding Sellers of additional resources, including our [Selling FAQs](#) related to COVID-19, which we continue to update.

Note Date references

All references to the Note Date refer to the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages, the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, or the assumption agreement date, as applicable.

TEMPORARY PURCHASE AND REFINANCE ELIGIBILITY REQUIREMENTS FOR BORROWERS WITH EXISTING MORTGAGES

In an effort to support responsible lending and sustainable homeownership during this unprecedented COVID-19 pandemic, we are implementing the following temporary purchase and refinance requirements for Borrowers with existing Mortgages.

Effective date

These temporary requirements are effective for Mortgages with Application Received Dates on and after June 2, 2020 and until further notice. Sellers are encouraged to implement these requirements to their loans in process.

Eligibility requirements

In addition to meeting all other requirements of the Purchase Documents and regardless of the Loan Product Advisor® Risk Class, as of the Note Date of the new Mortgage, each existing Mortgage on which the Borrower is obligated that is secured by either the subject property or any other 1- to 4-unit residential property, must meet the requirements described in the following table:

If any existing Mortgage ...	Eligibility requirements	Use of proceeds if the subject transaction is a “no cash-out” or cash out refinance
Is current as of the Note Date (i.e., the Borrower made all Mortgage payments due in the month prior to	No additional eligibility requirements	As stated in Guide Sections 4301.4 and 4301.5

If any existing Mortgage ...	Eligibility requirements	Use of proceeds if the subject transaction is a “no cash-out” or cash out refinance
the Note Date no later than the last Business Day of that month) and not in a repayment plan, loan modification Trial Period Plan, Payment Deferral or subject to another loss mitigation program		
Is not current as of the Note Date (as defined above) OR is in a repayment plan, loan modification Trial Period Plan or Payment Deferral	The new Mortgage is ineligible unless the amounts outstanding on any existing Mortgage are resolved by meeting the applicable additional eligibility requirements below	N/A
Was fully reinstated on or after the Application Received Date but prior to the Note Date	Seller must document the source of funds used for reinstatement. The source of funds must be an eligible source as described in Section 5501.3.	Proceeds may not be used to reinstate the Mortgage being refinanced or any other Mortgage
Additional eligibility requirements		
Is subject to a repayment plan	The Borrower must either: (i) Have successfully completed the repayment plan, OR (ii) Be performing under the plan (i.e., has not missed any payments due under the plan) and must have made at least three payments	In connection with the Mortgage being refinanced, proceeds may be used to pay off the remaining payments under the repayment plan being refinanced or any other Mortgage
Is subject to a Payment Deferral	The Borrower must have made at least three consecutive timely payments following the approval of the payment deferral agreement	In connection with the Mortgage being refinanced, proceeds may be used to pay off the deferred amount under the Payment Deferral
Is subject to a modification Trial Period Plan	The Borrower must have successfully completed the Trial Period Plan	In connection with the Mortgage being refinanced, proceeds may be used to pay off the modified Mortgage
Is subject to a loss mitigation program not mentioned above	The Borrower must either: (i) Have successfully completed the loss mitigation program, OR (ii) Be performing under the program (i.e. has not missed any payments due under the program) and must have made at least three consecutive full monthly payments	In connection with the Mortgage being refinanced, proceeds may be used to pay off the remaining payments under the program

Documentation requirements and guidance

In addition to reviewing the Borrower's credit report, Sellers must exercise additional due diligence to verify whether or not each Mortgage is current (as defined above), has been reinstated after the Application Received Dates, or is in a repayment plan, loan modification Trial Period Plan, Payment Deferral or is subject to another loss mitigation program, as well as whether the additional requirements in the table above are met, if applicable. The Seller must include any related documentation in the Mortgage file. Examples of ways the Seller may confirm compliance with the above requirements include:

- Reviewing the payment history provided by the servicer(s) for each existing Mortgage
- Reviewing the Borrower-provided Mortgage statements or electronic Mortgage history for each existing Mortgage
- Using a third-party verification service to confirm Mortgage payment history
- For Mortgages being refinanced, reviewing the pay-off statement

Evaluation of Mortgage payment history for Manually Underwritten Mortgages

For Manually Underwritten Mortgages, Mortgage payments missed during COVID-19-related forbearance are not considered significant derogatory credit information for the purpose of compliance with requirements in Section 5202.5.

Enhanced Relief Refinance[®] Mortgages

These temporary requirements do not apply to Enhanced Relief Refinance[®] Mortgages. All of the requirements in Guide Chapter 4404, including the payment history requirements applicable to the Mortgage being refinanced and the use of refinance proceeds, continue to apply.

Loan Product Advisor[®] and Guide updates

Loan Product Advisor[®] feedback messages and the Guide will not be updated to reflect these temporary requirements.

REPRESENTATION AND WARRANTY FRAMEWORK RELIEF FOR MORTGAGES SUBJECT TO FORBEARANCE AGREEMENTS

Effective immediately, we are updating our requirements such that a Mortgage that was subject to a forbearance agreement during the payment history period may be eligible for relief from enforcement of selling representations and warranties regardless of the forbearance agreement, provided the acceptable payment history requirements in Section 1301.11 are met. These Mortgages also continue to be eligible for relief based on a satisfactory conclusion of a Freddie Mac quality control review of the Mortgage file if the Mortgage otherwise meets the requirements in version 2 of the selling representation and warranty framework.

Section 1301.11 will be updated with a future Bulletin to remove the requirement that in order to qualify for selling representation and warranty relief, a Mortgage must not have been subject to a forbearance agreement during the payment history period.

EXTENSION OF TEMPORARY REQUIREMENTS FOR PURCHASE OF MORTGAGES IN FORBEARANCE

We are extending the temporary requirements for purchase of Mortgages in forbearance announced in Bulletin 2020-12. These requirements are now effective for Mortgages with Note Dates on or after February 1, 2020 and on or before **June 30, 2020**, and Settlement Dates on or after May 1, 2020 and on or before **August 31, 2020**. The chart below has been updated to reflect these changes.

Contract type	Additional effective date requirements
Guarantor and MultiLender Contracts	

<p>Cash Contracts: Mortgages that are in forbearance, but not yet delinquent</p>	<ul style="list-style-type: none"> • Mortgages with Note Dates on or after February 1, 2020 and on or before March 31, 2020 must have Settlement Dates on or before May 31, 2020 • Mortgages with Note Dates on or after April 1, 2020 and on or before June 30, 2020 must have Settlement Dates on or before August 31, 2020 (Revised)
<p>Cash Contracts: Mortgages that are in forbearance, that are no more than 30 days delinquent</p>	<p>The Cash Settlement Date must be no later than the 20th of the month after the month the Mortgage became 30 days delinquent (see the definition below).</p> <p>For example:</p> <ul style="list-style-type: none"> • Notes with a first payment due date of April 1: If the Borrower does not pay the April payment, the Mortgage will become 30 days delinquent at the close of business on April 30. For these loans, the Settlement Date must be on or before May 20. • Notes with first payment due dates of April 2 – April 30: If the Borrower did not pay the April payment, the Mortgage will become 30 days delinquent at the close of business on May 31. For these loans, the Settlement Date must be on or before June 20.

ADDITIONAL RESOURCES

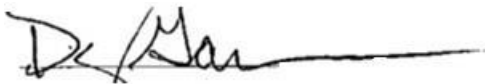
We encourage Sellers to review the following resources:

- Freddie Mac Single-Family web page on [COVID-19](#)
- Freddie Mac [Selling FAQs](#) related to COVID-19
- The Center for Disease Control's web page on [COVID-19](#)
- The Appraisal Foundation's [Appraiser Qualifications and Standards Q&As](#)
- The Appraisal Institute's [Coronavirus-related Direction for Appraisers](#)
- National Association of Realtors [Coronavirus Guide for Realtors](#)

CONCLUSION

We appreciate the support that Sellers continue to extend to Borrower 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,



Danny Gardner
Senior Vice President, Client and Community Engagement