



## Summary of Foreclosure Alternatives for Borrowers with COVID-19 Hardships

April 1, 2021

This chart provides a summary of relief options available for borrowers facing a COVID-19 related hardships. The options that they can access depend on the loan investor. In addition to the forbearance protections provided by the [\(CARES\) Act](#), Fannie Mae, Freddie Mac, FHA, VA, and USDA borrowers all have access to expanded options provided by their investors. These programs are discussed in greater depth in [Chapter 12](#) of Mortgage Servicing, which will be freely accessible during the COVID. **Questions?** Contact Steve Sharpe, National Consumer Law Center ([ssharpe@nclc.org](mailto:ssharpe@nclc.org)).

Loan Type (how to identify)	CARES Act Apply?	Applicable Guidance	Significant Forbearance Provisions beyond CARES Act	Post-forbearance Options
Fannie Mae  (use look-up tool on the Fannie Mae <a href="#">website</a> )	Yes	<ul style="list-style-type: none"> <li>▪ <a href="#">Fannie Mae Lender Letter 2021-02</a></li> <li>▪ <a href="#">Fannie Mae Lender Letter 2021-07 (Payment Deferral)</a></li> <li>▪ <a href="#">Fannie Mae Lender Letter 2020-02</a></li> <li>▪ <a href="#">Fannie Mae Lender Letter 2020-07 (Payment Deferral)</a></li> <li>▪ <a href="#">Fannie Mae Servicer Script</a></li> <li>▪ <a href="#">Fannie Mae Payment Deferral Matrix</a></li> <li>▪ <a href="#">Fannie Mae Servicing Guide – Forbearance</a></li> <li>▪ <a href="#">Fannie Mae Servicing Guide – workout options</a></li> </ul>	<ul style="list-style-type: none"> <li>▪ Explicit that no documentation required for the request</li> <li>▪ Initial forbearance of up to 180 days may be provided in separate, shorter terms</li> <li>▪ More than two forbearance terms explicitly allowed</li> <li>▪ Eligible borrowers in forbearance plans as of 2/28/21 may receive up to 18 months of forbearance.</li> <li>▪ Servicer must start outreach efforts to borrower within 30 days of end of forbearance to examine permanent options</li> </ul>	<ul style="list-style-type: none"> <li>▪ No lump sum required at the end of forbearance per <a href="#">FHFA</a></li> <li>▪ For borrowers who can afford their pre-crisis payment, are unable to reinstate or afford a repayment plan, and were less than two months delinquent as of 3/1/20               <ul style="list-style-type: none"> <li>▪ <a href="#">Payment Deferral</a></li> <li>▪ Can defer up to 18 months of payments</li> </ul> </li> <li>▪ For borrowers who cannot afford their pre-crisis payments or were two months delinquent or more as of 3/1/20               <ul style="list-style-type: none"> <li>▪ <a href="#">Flex Modification</a></li> </ul> </li> </ul>

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Freddie Mac  (use look-up tool on the Freddie Mac <a href="#">website</a> )	Yes	<ul style="list-style-type: none"> <li>▪ <a href="#">Servicing for COVID-19 Related Hardships: Reference Guide</a></li> <li>▪ <a href="#">Freddie Mac Bulletin 2020-04</a></li> <li>▪ <a href="#">Freddie Mac Bulletin 2020-07</a></li> <li>▪ <a href="#">Freddie Mac Bulletin 2020-10</a></li> <li>▪ <a href="#">Freddie Mac Bulletin 2020-15</a></li> <li>▪ <a href="#">Freddie Mac Bulletin 2020-21</a></li> <li>▪ <a href="#">Freddie Mac Bulletin 2020-28</a></li> <li>▪ <a href="#">Freddie Mac Bulletin 2021-8</a></li> <li>▪ <a href="#">Freddie Mac Servicer Script</a></li> <li>▪ <a href="#">Freddie Mac Servicer Guide – Forbearance</a></li> <li>▪ <a href="#">Freddie Mac Servicer Guide - Flex Modification</a></li> </ul>	<ul style="list-style-type: none"> <li>▪ Explicit that no documentation required for the request</li> <li>▪ More than two forbearance terms explicitly allowed</li> <li>▪ If borrower and servicer cannot agree on a term or if servicer cannot communicate with borrower, the servicer must give the borrower the term requested by the borrower</li> <li>▪ Eligible borrowers in forbearance plans as of 2/28/21 may receive up to 18 months of forbearance</li> <li>▪ Servicer must start outreach efforts to borrower within 30 days of end of forbearance to examine permanent options</li> </ul>	<ul style="list-style-type: none"> <li>▪ No lump sum required at the end of forbearance per <a href="#">FHFA</a></li> <li>▪ For borrowers who can afford their pre-crisis payments, are unable to reinstate or afford a repayment plan, and were less than two months delinquent as of 3/1/20               <ul style="list-style-type: none"> <li>○ <a href="#">Payment Deferral</a></li> <li>○ Can defer up to 18 months of payments</li> </ul> </li> <li>▪ For borrowers who cannot afford their pre-crisis payment or were two months delinquent or more as of 3/1/20               <ul style="list-style-type: none"> <li>○ <a href="#">Flex Modification</a></li> </ul> </li> </ul>

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FHA-insured  (review mortgage statement, HUD-1, other loan documentation, FHA Case Number)	Yes	<ul style="list-style-type: none"> <li>▪ <a href="#">Mortgagee Letter 2021-05</a></li> <li>▪ <a href="#">Mortgagee Letter 2020-22</a></li> <li>▪ <a href="#">Mortgagee Letter 2020-06</a></li> <li>▪ <a href="#">FHA Single Family Housing COVID-19 Q&amp;A</a></li> <li>▪ <a href="#">HUD Handbook 4000.1</a></li> <li>▪ <a href="#">CARES Act Forbearance Fact Sheet for Mortgagees and Servicers of FHA, VA, or USDA Loans</a></li> </ul>	<ul style="list-style-type: none"> <li>▪ No documents required for acceptance of forbearance</li> <li>▪ Allows borrower to request forbearance by any available communication means</li> <li>▪ Servicers must approve the forbearance for the amount and time that the borrower requests up to 360 days</li> <li>▪ Additionally, borrowers in forbearance plans as of June 30, 2020 are eligible for up to 18 months of forbearance in two three-month increments</li> <li>▪ The deadline to request initial forbearance is June 30, 2021</li> </ul>	<ul style="list-style-type: none"> <li>▪ FHA does not require a lump sum at the end of forbearance</li> <li>▪ For owner-occupant borrowers, <a href="#">HUD will consider these four home retention options</a>:               <ul style="list-style-type: none"> <li>▪ COVID-19 Standalone Partial Claim;</li> <li>▪ COVID-19 Owner-Occupant Loan Modification;</li> <li>▪ COVID-19 Combination Partial Claim and Loan Modification;</li> <li>▪ COVID-19 FHA Home Affordable Modification Program (FHA-HAMP) Combination Loan Modification and Partial Claim with Reduced Documentation</li> </ul> </li> <li>▪ There are also non-retention options and options for non-occupants</li> </ul>
VA-guaranteed  (review language on promissory note and mortgage, HUD-1)	Yes	<ul style="list-style-type: none"> <li>▪ <a href="#">VA Circular 26-21-04</a></li> <li>▪ <a href="#">VA Circular 26-20-33</a></li> <li>▪ <a href="#">VA Circular 26-20-12</a></li> <li>▪ <a href="#">VA Circular 26-20-12, Change 1</a></li> <li>▪ <a href="#">VA Handbook M26-4</a></li> <li>▪ <a href="#">CARES Act Forbearance Fact Sheet for Mortgagees and Servicers of FHA, VA, or USDA Loans</a></li> </ul>	<ul style="list-style-type: none"> <li>▪ No documentation required for acceptance of forbearance</li> <li>▪ Clear statement that the borrower, not the servicer, is entitled to determine the term of forbearance up to 12 months</li> <li>▪ Additionally, borrowers in forbearance plans as of June 30, 2020 are eligible for up to 18 months of forbearance in two three-month increments</li> <li>▪ Servicer must review files within 30 days of end of plan for permanent options</li> <li>▪ The deadline to request initial forbearance is June 30, 2021</li> </ul>	<ul style="list-style-type: none"> <li>▪ Explicit statement that servicers cannot require lump sum immediately after forbearance</li> <li>▪ There are no specific COVID-19 post-forbearance provisions, except servicers may offer <a href="#">deferral of payments</a> but only for borrowers with COVID-19 related hardships.</li> <li>▪ Options, including extended term loan modifications, are stated in <a href="#">VA Handbook M26-4</a></li> <li>▪ Disaster related modifications may apply to COVID-19 defaults</li> </ul>

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USDA-guaranteed  (challenging to determine; loan status may appear on HUD-1; closing documents may indicate guarantee, including potentially guarantee attached to the promissory note)	Yes	<ul style="list-style-type: none"> <li>▪ <a href="#">March 9, 2021 Program Update</a></li> <li>▪ <a href="#">Attachment 18-A to HB-1-3555</a></li> <li>▪ <a href="#">CARES Act Forbearance Fact Sheet for Mortgagees and Servicers of FHA, VA, or USDA Loans</a></li> </ul>	<ul style="list-style-type: none"> <li>▪ Servicers must approve the forbearance for the amount and time that the borrower requests up to 360 days</li> <li>▪ Additionally, borrowers in forbearance plans as of June 30, 2020 are eligible for up to 18 months of forbearance in two three-month increments</li> <li>▪ The deadline to request initial forbearance is June 30, 2021</li> </ul>	<ul style="list-style-type: none"> <li>▪ RHS does not require a lump sum at the end of forbearance</li> <li>▪ For borrowers who can afford “regular payments,” RHS states that servicers should “offer an affordable repayment plan or term extension to defer any missed payments to the end of the loan.”</li> <li>▪ Borrowers who cannot afford “regular payments” should be considered for special relief measures               <ul style="list-style-type: none"> <li>▪ Standard Loss Mitigation protocol, <a href="#">Attachment 18-A to HB-1-3555</a>.</li> </ul> </li> </ul>
USDA Direct  (lender is the United States and borrowers communicate with the Centralized Servicing Center)	Yes	<ul style="list-style-type: none"> <li>▪ <a href="#">March 9, 2021 Program Update</a></li> <li>▪ <a href="#">January 29, 2021 Program Update</a></li> <li>▪ <a href="#">Chapter 5, HB-2-3550</a></li> </ul>	<ul style="list-style-type: none"> <li>▪ The guidance uses moratorium and forbearance interchangeably</li> <li>▪ Borrowers may obtain up to one year of a moratorium on payments by verbal request due to a COVID-19 hardship.</li> <li>▪ If borrowers want an additional year of a moratorium on payments, they must follow the standard application process, which requires submission of financial information</li> </ul>	<ul style="list-style-type: none"> <li>▪ No COVID-19 specific post-forbearance provisions are listed.</li> <li>▪ The guidance directs borrowers to payment assistance and moratorium provisions that are outlined in Handbook <a href="#">HB-2-3550</a>.</li> </ul>
Private Label Security (PLS)	No	None	No forbearance provisions required.	No modification provisions provided
Portfolio Loan	No	None	No forbearance provisions required.	No modification provisions provided