



## FAQs on COVID-19 Forbearance

- 1. Does the servicer need to complete and submit a consent request form or CSO certification?**  
No, the only items required to be submitted are the hardship letter, property delinquency and forbearance report, and the borrower-signed Forbearance Agreement.
- 2. Does the Master Servicer need to sign the Forbearance Agreement if the Sub-Servicer is delegated to sign other types of transaction documents on behalf of the Master Servicer?**  
Yes, the Master Servicer must counter-sign the agreement, after reviewing all the items submitted by the borrower.
- 3. How should partial payments received be processed by the primary servicer?**  
A partial payment that is not part of the forbearance repayment that is spread over 12 months should be held in suspense until a full monthly payment is received.
- 4. Should a fully executed copy of the Forbearance Agreement be upload to the Document Management System (DMS) for Freddie Mac?**  
Yes, the primary servicer should upload a copy to DMS even if Freddie Mac is not the master servicer or lender.
- 5. If the servicer is holding Debt Service/Operating Reserves, is the borrower eligible for the forbearance program?**  
Yes, the borrower may utilize forbearance first and then debt service/operating reserves after the forbearance period expires to make loan payments. Use of capital reserves or replacement reserves, etc., for debt service is prohibited.
- 6. Is there any definition or guideline around qualifying for the forbearance?**  
There is no clear guideline and the determination is somewhat subjective. If the borrower provides a reasonable hardship explanation and the servicer is reasonably confident that the property will be impacted significantly by COVID-19, the forbearance will be granted.
- 7. If a loan is currently out of compliance (non-monetary) for past-due repairs or covenants, will the loan still qualify for the forbearance program?**  
Yes, the Servicing Standard is specific to monetary delinquency only.
- 8. If a loan has outstanding late fees but is current on the P&I and Impositions and Reserves, is it still a candidate for the forbearance program?**  
No, the late fee should be paid and then the loan will be eligible for forbearance.

9. **What is the process to get the servicer legal fees of up to \$750 paid by Freddie Mac?**  
The primary servicer should aggregate counsel invoices and create a bulk “Forbearance Legal Fees Reimbursement Package.” This should include a list of the forbearance loans and the associated legal costs, copies of outside counsel invoices, existing wiring instructions on file with Freddie Mac for the primary servicer, and an Officer’s Certificate from the CSO confirming the accuracy of the information submitted. The package should be submitted to the BT mailbox: [mf\\_borrower\\_transactions@freddiemac.com](mailto:mf_borrower_transactions@freddiemac.com). Upon receipt of the funds the primary servicer can pay outside counsel.
10. **Can a borrower with multiple properties submit a bulk request?**  
No, a forbearance agreement is required for each loan. In addition, the loans may be serviced by different primary servicers and are likely securitized in different pools with different master servicers.
11. **Can a borrower repay forbore loan payments earlier than the allowed 12-month period?**  
Yes, the borrower may repay the full amount of the forbore payments at any time prior to the end of the repayment period.
12. **Is the moratorium on evictions only for the 90-day forbearance period or the 12-month repayment period?**  
The Forbearance Agreement requires the moratorium for the forbearance period but the borrower must at all times comply with laws of any governmental authority.
13. **Can the Forbearance Agreement be modified, amended or negotiated?**  
No, the Forbearance Agreement is non-negotiable.
14. **How often does the borrower need to submit a hardship letter and delinquency and forbearance report?**  
These items are only submitted one time with the initial forbearance request and do not need to be submitted monthly. However, if there is a material change or impact to property operations, borrower must provide a written update.
15. **What happens if the loan matures during forbearance repayment period?**  
The full amount of forbore payments must be repaid as part of the loan maturity payoff.
16. **If the borrower has been late with any loan payments, is the loan eligible for forbearance?**  
Yes, the loan is eligible. The CARES Act requires eligible borrowers to be current on loan payments as of February 1, 2020. If a borrower misses a payment and did not take the forbearance, the servicer should immediately contact the borrower and encourage them to take the forbearance.
17. **Can the borrower charge tenants a late fee or penalty for non-payment?**  
The Freddie Mac forbearance provisions do not specifically address this but the CARES Act may be more restrictive.

**18. When can the borrower initiate proceedings for evictions?**

The borrower cannot give notice of or start an eviction of any tenant during the forbearance period based solely on non-payment of rent that is a consequence of the public health event, whether non-payment is caused by illness, caring for a family member, job loss, reduced hours, or temporary unpaid leave, or any combination of these reasons. The CARES Act may be more restrictive for borrowers (and provide additional protection for tenants).

**19. Does the Freddie Mac forbearance program eviction restriction pertain only to a public health event (COVID-19)?**

Yes, the Freddie Mac forbearance program is for 90 days and a borrower may not evict a tenant whose non-payment of rent is a consequence of the COVID-19 health event (for example, caused by illness, caring for a family member, job loss, reduced hours, or temporary unpaid leave, or any combination of these reasons). The CARES Act contains provisions regarding an eviction moratorium that may be applicable.

**20. How would a tenant know that their landlord has a qualifying loan?**

Tenants likely will not know, and they will need to call the property management company or landlord. Servicers should be prepared to tell borrowers that they need to think about how to answer questions from tenants about whether the mortgage is a qualifying mortgage.

**21. During the forbearance period, is the borrower allowed to pay the normal property management and asset management fees to affiliates?**

Yes, these would be considered normal operating expenses and are payable with property cash flow.

**22. Are there any restrictions on use of rents and other income received by the borrower during the forbearance period?**

Yes, during the forbearance period, all cash generated by the property must be used only for debt service and property operations.

**23. Why does the borrower need to accept the forbearance agreement by the 10<sup>th</sup> of a month?**

By the 10<sup>th</sup> of the month, it is assumed that the borrower has made the loan payment or knows that forbearance is required. If the terms are agreed to by the 10<sup>th</sup> of the month, the forbearance will start that month. If the terms are accepted after the 10<sup>th</sup> of the month, it is assumed the forbearance will start with the next month's payment. However, if a request is received after the 10<sup>th</sup> of the month to begin forbearance that same month, the request should be processed so that the loan avoids a 30-day delinquency.

**24. Can a borrower who is making payments via ACH, cancel their ACH?**

If ACH is not required in the Note, then a borrower can cancel it. If ACH is required in the Note, then the borrower cannot cancel it. However, if the borrower meets the requirements for forbearance, they should request forbearance and the ACH is suspended during the forbearance period. The servicer should not initiate ACH (or initiate a zero dollar draw) each month during the forbearance period and will reinstate regular draws once the forbearance repayment period begins.

**25. What is the expectation regarding property taxes due and insurance renewals during the forbearance period?**

The expectation is that property taxes will be paid in full unless the taxing authority has granted forbearance. Regarding insurance renewals, the borrower is expected to maintain property insurance that is compliant with loan document requirements during the forbearance period. However, if taxes and/or insurance are due during the forbearance period (i.e., April, May, June), but the amounts on deposit in the related borrower's impound and reserves account are not sufficient to pay the taxes and insurance when due, the sub-servicer will request that the master servicer advance the shortfall in accordance with the process set forth in the Sub-Servicing Agreement as a Property Protection Advance. The sub-servicer will add the amount of such Property Protection Advance to the total forbearance accrual amount and that amount will be repaid as a portion of the forbearance monthly payment amount during the forbearance repayment period and remitted to the master servicer on a monthly basis.

If taxes and/or insurance are due during the forbearance repayment period (i.e., July 2020 through June 2021), but the amounts on deposit in the related borrower's impound and reserves account are not sufficient to pay the taxes and insurance when due, the sub-servicer will request that the master servicer advance the shortfall in accordance with the process set forth in the Sub-Servicing Agreement as a Property Protection Advance. However, the sub-servicer will then need to revise the total forbearance accrual amount to account for the additional Property Protection Advance. The forbearance monthly payment (Impounds and Reserves Component) will be increased for the remainder of the forbearance repayment period by dividing the amount of the additional Property Protection Advance by the number of months then remaining in the forbearance repayment period and such increased amount will be remitted to the master servicer on a monthly basis.