



Summary of Foreclosure Alternatives for Borrowers with COVID-19 Hardships

September 21, 2020

This chart provides a summary of relief options available for borrowers facing a COVID-19 related hardship. The options that they can access depend on the loan investor. For loans it covers, section 4022 of the Coronavirus Aid, Relief, and Economic Security ([CARES Act](#)) requires forbearance for borrowers with COVID-19 hardships and some investors have expanded on those provisions. For more detailed analysis, read "[Mortgage Relief for Homeowners Affected by COVID-19](#)" on the NCLC Digital Library.

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 website)	Yes	<ul style="list-style-type: none"> ▪ Fannie Mae Lender Letter 2020-07 (Payment Deferral) ▪ Fannie Mae Lender Letter 2020-02 ▪ Fannie Mae Servicer Script ▪ Fannie Mae Payment Deferral Matrix ▪ Fannie Mae Servicing Guide – Forbearance ▪ Fannie Mae Lender Letter 2017-09R (Extend Mod) ▪ Fannie Mae Lender Letter 2020-05 (Payment Deferral) ▪ Fannie Mae Servicing Guide – workout options ▪ FHFA News Release – “No Lump Sum Required at the End of Forbearance” says FHFA’s Calabria, 4/27/20 	<ul style="list-style-type: none"> ▪ Explicit that no documentation required ▪ Initial forbearance of up to 180 days may be provided in separate, shorter terms ▪ More than two forbearance terms explicitly allowed ▪ Mandatory on servicers to extend forbearance up to 12 months if borrowers have not resolved their hardship ▪ Servicer must start outreach efforts to borrower within 30 days of end of forbearance to examine permanent options. 	<ul style="list-style-type: none"> ▪ No lump sum required at the end of forbearance per FHFA ▪ 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"> ▪ Payment Deferral (starting 7/1/2020)¹ ▪ For borrowers who cannot afford their pre-crisis payments or were more than two months delinquent as of 3/1/20 <ul style="list-style-type: none"> ▪ Flex Modification

¹ Before July 1, 2020, borrowers who can afford their pre-crisis payment and were less than 31 days before, may receive the Extend Modification or the Cap and Extend Modification depending on their escrow status.

Loan Type (how to identify)	CARES Act Apply?	Applicable Guidance	Significant Forbearance Provisions beyond CARES Act	Post-forbearance Options
Freddie Mac (use look-up tool on the Freddie Mac website)	Yes	<ul style="list-style-type: none"> ▪ Servicing for COVID-19 Related Hardships: Reference Guide ▪ Freddie Mac Bulletin 2020-04 ▪ Freddie Mac Bulletin 2020-07 ▪ Freddie Mac Bulletin 2020-10 ▪ Freddie Mac Bulletin 2020-15 ▪ Freddie Mac Bulletin 2020-21 ▪ Freddie Mac Bulletin 2020-28 ▪ Freddie Mac Servicer Script ▪ Freddie Mac Servicer Guide – Forbearance ▪ Freddie Mac Bulletin 2017-25 (Extend Mod) ▪ Freddie Mac Bulletin 2020-06 (Payment Deferral) ▪ FHFA News Release – “No Lump Sum Required at the End of Forbearance” says FHFA’s Calabria, 4/27/20 	<ul style="list-style-type: none"> ▪ Explicit that no documentation required ▪ More than two forbearance terms explicitly allowed ▪ 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 ▪ Servicer must start outreach efforts to borrower within 30 days of end of forbearance to examine permanent options. 	<ul style="list-style-type: none"> ▪ No lump sum required at the end of forbearance per FHFA ▪ For borrowers who can afford their pre-crisis payments, are unable to reinstate or afford a repayment plan, and were less than 31 days behind on 3/1/20 <ul style="list-style-type: none"> ▪ Payment Deferral (starting by 7/1/2020)² ▪ For borrowers who cannot afford their pre-crisis payment or were 31 days or more behind on 3/1/20 <ul style="list-style-type: none"> ▪ Flex Modification

² Before July 1, 2020, borrowers who can afford their pre-crisis payment and were less than 31 days before, may receive the Extend Modification or the Cap and Extend Modification depending on their escrow status.

Loan Type (how to identify)	CARES Act Apply?	Applicable Guidance	Significant Forbearance Provisions beyond CARES Act	Post-forbearance Options
FHA-insured (review mortgage statement, HUD-1, other loan documentation, FHA Case Number)	Yes	<ul style="list-style-type: none"> ▪ Mortgagee Letter 2020-22 ▪ Mortgagee Letter 2020-06FHA Single Family Housing COVID-19 Q&A ▪ HUD Handbook 4000.1 ▪ CARES Act Forbearance Fact Sheet for Mortgagees and Servicers of FHA, VA, or USDA Loans 	<ul style="list-style-type: none"> ▪ No documents required for acceptance of forbearance ▪ Allows borrower to request forbearance by any available communication means ▪ Servicers must approve the forbearance for the amount and time that the borrower requests up to 360 days 	<ul style="list-style-type: none"> ▪ FHA does not require a lump sum at the end of forbearance ▪ For owner-occupant borrowers considered current as of March 2020, HUD will consider these four home retention options:³ <ul style="list-style-type: none"> ▪ COVID-19 Standalone Partial Claim; ▪ COVID-19 Owner-Occupant Loan Modification; ▪ COVID-19 Combination Partial Claim and Loan Modification; ▪ COVID-19 FHA Home Affordable Modification Program (FHA-HAMP) Combination Loan Modification and Partial Claim with Reduced Documentation ▪ For owner-occupant borrowers not considered current as of March 2020 who want to retain their homes <ul style="list-style-type: none"> ▪ Standard Loss Mitigation waterfall (Handbook 4000.1, Section III.A.2.k)

³ According to Mortgagee Letter 2020-22, servicers may start offering the four listed options starting July 8, 2020 and must start offering them by October 6, 2020 (90 days after ML 2020-22). Prior to Mortgagee Letter 2020-22, servicers offered either the Standalone Partial Claim or FHA-HAMP pursuant to Mortgagee Letter 2020-06.

Loan Type (how to identify)	CARES Act Apply?	Applicable Guidance	Significant Forbearance Provisions beyond CARES Act	Post-forbearance Options
VA-guaranteed (review language on promissory note and mortgage, HUD-1)	Yes	<ul style="list-style-type: none"> ▪ VA Circular 26-20-33 ▪ VA Circular 26-20-12 ▪ VA Circular 26-20-12, Change 1 ▪ VA Handbook M26-4 ▪ CARES Act Forbearance Fact Sheet for Mortgagees and Servicers of FHA, VA, or USDA Loans 	<ul style="list-style-type: none"> ▪ No documentation required for acceptance of forbearance ▪ Clear statement that the borrower, not the servicer, is entitled to determine the term of forbearance up to 12 months. ▪ Servicer must review files within 30 days of end of plan for permanent options. 	<ul style="list-style-type: none"> ▪ Explicit statement that servicers cannot require lump sum immediately after forbearance ▪ There are no specific COVID-19 post-forbearance provisions, except servicers may offer deferral of payments but only for borrowers with COVID-19 related hardships. ▪ Options, including extended term loan modifications, are stated in VA Handbook M26-4 ▪ Disaster related modifications may apply to COVID-19 defaults.
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"> ▪ September 9, 2020 Program Update ▪ Attachment 18-A to HB-1-3555 ▪ CARES Act Forbearance Fact Sheet for Mortgagees and Servicers of FHA, VA, or USDA Loans 	<ul style="list-style-type: none"> ▪ Servicers must approve the forbearance for the amount and time that the borrower requests up to 360 days 	<ul style="list-style-type: none"> ▪ RHS does not require a lump sum at the end of forbearance ▪ For borrowers who can afford their pre-crisis payment <ul style="list-style-type: none"> ▪ The servicer should offer a payment plan to cover the past due amounts. ▪ At the borrower's request, the servicer should extend the loan term for at least the length of forbearance ▪ For borrowers who cannot afford their pre-crisis payment <ul style="list-style-type: none"> ▪ Standard Loss Mitigation protocol, Attachment 18-A to HB-1-3555.

Loan Type (how to identify)	CARES Act Apply?	Applicable Guidance	Significant Forbearance Provisions beyond CARES Act	Post-forbearance Options
USDA Direct (lender is the United States and borrowers communicate with the Centralized Servicing Center)	Yes	<ul style="list-style-type: none"> ▪ September 9, 2020 Program Update ▪ Chapter 5, HB-2-3550 	<ul style="list-style-type: none"> ▪ The guidance uses moratorium and forbearance interchangeably. ▪ Borrowers may obtain up to one year of a moratorium on payments by verbal request due to a COVID-19 hardship. ▪ If borrowers want an additional year of a moratorium on payments, they must follow the standard application process, which requires submission of financial information. 	<ul style="list-style-type: none"> ▪ No COVID-19 specific post-forbearance provisions are listed. ▪ The guidance directs borrowers to payment assistance and moratorium provisions that are outlined in Handbook HB-2-3550.
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

Questions? Contact Steve Sharpe, National Consumer Law Center (ssharpe@nclc.org).