



FHFA Extends Forbearance Periods an Extra Three Months

Most of the accommodations that have been allowed lenders and borrowers by the Federal Housing Finance Agency (FHFA) due to the COVID-19 pandemic were modified or extended this past week. FHFA, the regulator and conservator of the GSEs Fannie Mae and Freddie Mac, extended eligibility for mortgage forbearance by three months. Forbearance allows homeowners who are financially impacted by the pandemic, to temporarily reduce or forego mortgage payments. It has been available for three-month terms with extensions available up to a total of 12 months. Existing plans would begin reaching that deadline at the end of March but **FHFA has now authorized an additional three-month term**, a total of 15 months. An estimated 2.7 million homeowners are in active plans.

The COVID-19 Payment Deferral allows forborne homeowners to repay those missed payments at the time their home is refinanced, sold, or when their mortgage reaches maturity. That program was originally designed to cover 12 months of missed mortgage payments, but it too has now been modified to 15 months.

The moratorium on single-family foreclosures was extended by one month to March 31, 2021 as was the moratorium on evictions. The eviction moratorium applies to **properties held in GSE owned real estate portfolios**.

The several, so-called loan origination flexibilities put in place at the start of the pandemic to allow continued support for borrowers have also been extended again, now through March 31, 2021. These include:

- Alternative appraisals on purchase and rate term refinance loans;
- Alternative methods for documenting income and verifying employment before loan closing; and
- Expanding the use of power of attorney to assist with loan closings.

FHFA says it currently projects that the GSEs will have to shoulder expenses of \$1.5 to \$2 billion due to the existing foreclosure moratorium and its extension. The agency will continue to monitor the effects of its emergency servicing policies on borrowers, the GSEs, their counterparties, and the mortgage market and may extend or sunset its policies based on the data and the health risk.



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