Summary of Foreclosure Alternatives for Borrowers with COVID-19 Hardships
April 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.

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<th>Loan Type (how to identify)</th>
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<th>Significant Forbearance Provisions beyond CARES Act</th>
<th>Post-forbearance Options</th>
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<tr>
<td>Fannie Mae</td>
<td>Yes</td>
<td>▪ Fannie Mae Lender Letter 2020-02 ▪ Fannie Mae Servicer Script ▪ 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</td>
<td>▪ 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.</td>
<td>▪ For a borrowers who can afford their pre-crisis payment ▪ Extend Modification (for borrowers who can afford repaying escrow shortage over 60 months) ▪ Cap and Extend Modification ▪ Payment Deferral (for loans 30-60 days behind starting as soon as 7/1/2020) ▪ For borrowers who cannot afford their pre-crisis payments ▪ Flex Modification</td>
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| Freddie Mac (use look-up tool on the Freddie Mac website) | Yes | • 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 Servicer Script  
  • Freddie Mac Servicer Guide – Forbearance  
  • Freddie Mac Bulletin 2017-25 (Extend Mod)  
  • Freddie Mac Bulletin 2020-06 (Payment Deferral) | • 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. | • For borrowers who can afford their pre-crisis payment  
  • Extend Modification  
  • Cap and Extend Modification  
  • Payment Deferral (for loans 30-60 days behind starting as soon as 7/1/2020)  
  • For borrowers who cannot afford their pre-crisis payment  
  • Flex Modification |
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| FHA-insured (review mortgage statement, HUD-1, other loan documentation, FHA Case Number) | Yes | - Mortgagee Letter 2020-06  
- HUD’s COVID-19 Questions and Answers  
- HUD Handbook 4000.1 | - No documents required for acceptance of forbearance  
- Allows borrower to request forbearance by any available communication means | - For borrowers who can afford their pre-crisis payment  
  - COVID-19 National Emergency Standalone Partial Claim (borrowers must have been less than 30 days past due as of March 1, 2020)  
  - Standard Loss Mitigation waterfall (if borrower has already received maximum partial claim (Handbook 4000.1, Section III.A.2.k)  
- For borrowers who cannot afford their pre-crisis payment  
  - Standard Loss Mitigation waterfall (Handbook 4000.1, Section III.A.2.k) |
| VA-guaranteed (review language on promissory note and mortgage, HUD-1) | Yes | - VA Circular 26-20-12  
- VA Handbook M26-4 | - 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.  
- Explicit statement that borrowers existing forbearance do not need to make a lump sum payment.  
- Servicer must review files within 30 days of end of plan for permanent options. | - There are no specific COVID-19 post-forbearance provisions.  
- Options, including extended term loan modifications, are stated in VA Handbook M26-4  
- Disaster related modifications apply to COVID-19 defaults |
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| USDA-guaranteed             | Yes            | ▪ April 15, 2020 Program Update  
▪ Attachment 18-A to HB-1-3555 | ▪ None | ▪ For borrowers who can afford their pre-crisis payment  
▪ The servicer should offer a payment plan to cover the past due amounts.  
▪ At the borrowers request, the servicer should extend the loan term for at least the length of forbearance  
▪ For borrowers who cannot afford their pre-crisis payment  
▪ Standard Loss Mitigation protocol, Attachment 18-A to HB-1-3555. |
| USDA Direct                 | Yes            | ▪ April 15, 2020 Program Update  
▪ Chapter 5, HB-2-3550 | ▪ Guidance does not distinguish between CARES Act forbearance and current moratorium provisions  
▪ Guidance allows for verbal requests for moratorium | ▪ No 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, Of Counsel with the National Consumer Law Center ([ssharpe@nclc.org](mailto:ssharpe@nclc.org)).