Coronavirus FAQs

March 2, 2020

This document provides answers to frequently asked questions related to the coronavirus (COVID-19) and potential impacts to borrowers, sellers, and servicers. They are intended to be used internally for reactive purposes only. This is a rapidly evolving situation, and additional questions will be added as necessary.

Q1. **Does Fannie Mae offer any assistance to borrowers that are impacted by the coronavirus?**

While we do not have a workout option specific to borrowers impacted by the coronavirus, our existing workout options are available to borrowers who are experiencing an eligible hardship. If a borrower contacts a servicer indicating they are impacted by the coronavirus, the servicer must determine if the borrower has experienced an eligible hardship, such as reduction in income. Refer to Page 2 of the Mortgage Assistance Application (Form 710) for the list of eligible hardships.

For example, if a borrower is quarantined and unable to work and, as a result, experiences a reduction in income, the borrower may be eligible for one of our existing workout options (in accordance with our workout hierarchy). For this situation, a forbearance plan may be an ideal workout option to consider.

Q2. **What is a forbearance plan?**

A forbearance plan is a retention option in our workout hierarchy for a borrower with an eligible hardship that is temporary in nature and has not been resolved. A forbearance plan provides for a period of reduced or suspended contractual monthly mortgage payments, followed by a full reinstatement, mortgage loan payoff, or another workout option to enable the borrower to resolve the delinquency. For more information see the Servicing Guide D2-3.2-01, Forbearance Plan.

Q3. **Can a servicer evaluate a borrower for a forbearance plan without obtaining a complete Borrower Response Package (BRP)?**

Yes, a servicer is authorized to evaluate the borrower for a forbearance plan without receiving a complete BRP. However, the servicer must obtain Quality Right Party Contact (QRPC) with the borrower, establish that the borrower has an eligible hardship, and confirm that the property securing the mortgage loan is a principal residence that has not been condemned or abandoned. Refer to Page 2 of the Mortgage Assistance Application (Form 710) for the list of eligible hardships.

If the servicer determines the borrower is not eligible for a forbearance plan per the requirements in the Servicing Guide, but there are acceptable mitigating circumstances, it must request our prior written approval following the existing process. This process requires completion of the Forbearance Exception Request Template and submission to loss.mitigation@fanniemae.com. The subject line must include “Forbearance.” Refer to D2-3.2-01, Forbearance Plan for additional information.

Q4. **How long can a forbearance plan last?**

Generally, a forbearance plan is offered based on the borrower’s individual facts and circumstances for an initial period of up to 6 months. However, the servicer is authorized to grant an extension of an additional 6 months without our prior approval. The servicer must receive our prior approval for a forbearance plan to exceed a cumulative term of 12 months, or for a forbearance plan resulting in a mortgage loan becoming greater than 12
months delinquent. NOTE: The forbearance plan for an MBS mortgage loan must not extend beyond the last scheduled payment date of the mortgage loan.

The servicer must begin attempts to contact the borrower no later than 30 days prior to the expiration of any forbearance plan term and must continue outreach attempts until either QRPC is achieved or the forbearance plan term has expired.

Q5. **What happens once the forbearance plan is completed?**

After the forbearance plan is completed, one of the following must occur:

- the mortgage loan must be brought current through a reinstatement;
- the borrower is approved for another workout option, such as a repayment plan, a mortgage loan modification, a short sale, or a Mortgage Release™ (Deed-in-Lieu of Foreclosure);
- the mortgage loan is paid in full; or
- the servicer refers the mortgage loan to foreclosure in accordance with applicable law.

Q6. **What are Fannie Mae’s expectations of a seller or servicer if its mortgage operation is impacted due to a pandemic?**

Consistent with the requirements in Business Continuity and Disaster Recovery in Selling Guide A4-1-01, Maintaining Seller/Servicer Eligibility, we expect sellers and servicers to follow their own business continuity and resiliency plans. The plans must ensure the ability to regain critical business operations in the event of disruption or disaster.