

Another option for your homeowners experiencing financial hardship due to COVID-19: An overview of the COVID-19 payment deferral program

Fannie Mae provides solutions to help homeowners who have experienced financial hardship due to COVID-19.

Who is this program for?

The new COVID-19 payment deferral program is effective July 1. It was created for homeowners who:

- have resolved a temporary hardship related to COVID-19.
- can resume their monthly contractual payments.
- cannot afford a full reinstatement or a repayment plan to bring the loan current.

The homeowner, who may have missed up to 12 monthly payments, is not required to have completed a forbearance plan to be eligible.

Servicer benefits



This solution is simple to explain to borrowers. The missed amount is deferred into a non-interest-bearing balance, due and payable at maturity of the loan or earlier payoff. All other terms of the mortgage remain unchanged.



There's no trial period plan, which results in fewer touchpoints with the borrower and brings the loan current immediately upon completion of the COVID-19 payment deferral.



Evaluation and decisioning case submissions will be efficiently automated through Servicing Management Default Underwriter™ (SMDU™).

How to transition to SMDU

New educational resources will be available to ensure your ability to submit this workout option through SMDU. Start preparing your organization and teams to use this new solution.



1 Create a “new user” on [SMDU](#) (must be completed by an administrator).



2 Complete the user registration through Technology Manager by following the steps outlined in the [Grant User Access to SMDU UI job aid](#).



3 Take the SMDU Tutorial Training located in the [Help and Training](#) section on the SMDU page.

COVID-19 payment deferral

As millions of Americans turn to their mortgage servicers for help during the COVID-19 pandemic, it's increasingly important that homeowners have a clear way to repay the amount owed after the financial hardship is resolved.

To assist homeowners, Fannie Mae has announced a new COVID-19 payment deferral program.

More information

[Lender Letter LL-2020-07, COVID-19 Payment Deferral](#) provides guidance on determining eligibility requirements, contacting the homeowner and processing a COVID-19 payment deferral with Fannie Mae. Fannie Mae and Freddie Mac aligned on this solution at the direction of the Federal Housing Finance Agency (FHFA).

