

# Mortgage forbearance during the ongoing COVID-19 pandemic

Use this resource to support your execution of policy introduced in Fannie Mae [Lender Letter LL-2021-02](#) to better manage setting homeowner expectations.

## Forbearance terms



### Forbearance

A plan that allows for reduced or suspended mortgage payments for a designated period of time.



### Length

Up to six months with the initial offer. Extension(s) may be granted thereafter. Shorter terms with extensions of the forbearance may be beneficial to the homeowner.



### Payment amount

The homeowner is not required to make a payment during the forbearance. However, if the homeowner can pay any amount, the delinquency will be less impactful when the forbearance completes, and permanent solutions are considered.



### Repayment

Repayment of all unpaid amounts is required, but a homeowner is not required to repay unpaid amounts all at once. Repayment options include:

- Reinstatement: Paying the total amount back all at once at the end of the forbearance period.
- Repayment Agreement: Paying a portion of the forbearance amount gradually (over the course of up to 12 months).
- Payment Deferral: Repaying the entire unpaid amount all at once at the end of the loan (or when the home is sold or the loan refinanced).
- Loan Modification: Permanently changing some of the terms of the loan to make monthly payments more affordable.

## Keep in mind

### A borrower may exit forbearance and later be re-impacted financially by COVID-19

Given the ongoing pandemic, some borrowers may find themselves unable to resume or continue paying their monthly payment after a forbearance plan has ended. The borrower must contact the servicer if a new forbearance plan is needed.

### Additional information to consider for borrowers taking forbearance:

**Mortgage assistance:** Help borrowers understand that forbearance is not mortgage relief – that all unpaid amounts must be paid back (see repayment options above.)

**Credit reporting:** Servicers must report the status of the mortgage loan to the credit bureaus in accordance with the Fair Credit Reporting Act (FCRA), including as amended by the CARES Act, for borrowers affected by COVID-19.

**Refinancing:** When a borrower exits forbearance and enters a loss mitigation plan, the borrower is eligible for a new mortgage loan after they make at least three timely, consecutive payments as of the note date of the new transaction. These three payments must be consecutive and may not be made as a lump sum payment.

## Homeowner documentation



You must **provide a copy of the forbearance plan** to the homeowner.



A **Borrower Response Package (BRP)** is **not required** to offer a homeowner a forbearance plan.

## Learn more

**Ready to initiate or re-initiate a forbearance request?** Check out our [step-by-step instructions](#) for reporting to Fannie Mae using [Asset Management Network \(AMN\)](#).

**We're here to help.** Learn more about [our approach to COVID-19](#) for all of our partners and stakeholders.

**Still have questions?** Call us at 1-800-2FANNIE and [follow these prompts](#).