1. **Considering the COVID-19 pandemic, what options has Fannie Mae made available to its lenders? How do these options affect investors in multifamily securities?**

   For the COVID-19 pandemic and in compliance with the Coronavirus Aid, Relief, and Economic Stimulus Act (CARES Act), Fannie Mae has delegated authority to lenders to provide forbearances for up to three months of missed payments, if a borrower has requested forbearance because of a financial hardship due to the coronavirus national emergency, and the lender has documented the hardship. The lender, with approval from Fannie Mae’s Special Asset Management group, may extend the forbearance beyond the initial three-month period, advancing principal and interest (P&I) in accordance with our prospectus, and as outlined in the next paragraph.

   **DUS MBS/GeMS Investors**

   For MBS, Fannie Mae pays principal and interest due on the MBS under its guarantee. For loans that are granted payment forbearance, Fannie Mae will continue to advance principal and interest payments on the MBS for at least four consecutive missed payments (i.e. four months) and may choose to advance for up to 24 months before repurchasing the mortgage loan out of the MBS trust (causing a prepayment in full of the MBS without prepayment premium). In the event the forbearance period ends while the loan still backs an MBS and the borrower is able to repay amounts of principal and/or interest that were deferred during the forbearance period, the MBS will remain outstanding and no early prepayment of the MBS will occur as a result of the forbearance.

   As a reminder, Fannie Mae will advance timely payments of principal and interest to MBS investors in the event the loan becomes delinquent, including loans for properties where the ability to support monthly mortgage payments has been affected by COVID-19. If the delinquency cures and the loan becomes current, the MBS will remain outstanding. If the loan continues to be delinquent, Fannie Mae may purchase the loan out of the MBS trust (resulting in a full prepayment of principal at par and any accrued interest due on the date of the repayment).
MCIRT/MCAS Investors

CRT investors can see both unpaid principal balances (UPBs) – actual UPB (from time of forbearance) and scheduled UPB (showing any scheduled amortization payments) – in the periodic reporting in the monthly investor reporting package (IRP) files and the quarterly Multifamily Loan Performance Data. If the loan defaults and the actual UPB is higher than it otherwise would have been if the loan had continued to amortize during forbearance, there may be an increased risk of loss on the loan.

Premium payments to MCIRT investors and interest payments to MCAS investors are not dependent upon interest collections on the Reference Obligations. If the borrower repays the deferred interest (and principal, if applicable) prior to maturity or the forbearance balance is added to the final balloon payment and the UPB is paid in full at maturity, there will be no losses on the loan.

For any loan that indicates an increased risk of default, whether as a result of temporary forbearance or otherwise, Fannie Mae takes proactive loss mitigation measures to reduce the likelihood and severity of any losses. Additional resources on our credit risk transfer practices are available on our website.

2. Has Fannie Mae made any changes to business activities as a result of COVID-19?

We continue to monitor the impact of COVID-19 and work closely with our borrowers and lenders to assess what changes are required to ensure we continue to provide liquidity to the market. We have announced changes related to underwriting requirements in response to COVID-19 which can be reviewed here.

We continue to manage our credit risk in a prudent and diligent manner as outlined in the credit risk management presentation.

3. Can investors continue to expect timely payment of principal and interest on Fannie Mae MBS?

DUS MBS/GeMS Investors

Under our guarantee, Fannie Mae will advance scheduled principal and accrued interest due on our DUS MBS and GeMS. If an underlying loan is continuously delinquent for four months, or for 30 days in the first four months after the loan is acquired, we have the option, but not the obligation, to buy the loan out of the MBS trust. In the event of a forbearance, we may elect to buy the loan out of the MBS trust when it reaches four months of continuous delinquency or we may choose to leave it in the MBS trust for up to 24 months and continue to make scheduled payments of principal and interest to MBS and/or GeMS investors.

Generally, we are required to repurchase a loan from the MBS trust by the time it becomes 24 months past due (by last paid installment (LPI) date). When we buy a loan out of an MBS trust, we prepay the outstanding principal and pay accrued interest to the holders of the related MBS and/or GeMS, but we do not pay any prepayment premium.

MCIRT/MCAS Investors

Interest payments to MCAS investors and premium payments to MCIRT investors are not dependent upon interest collections on the Reference Obligations. If the borrower repays the deferred interest (and principal, if
applicable) prior to maturity or the forbearance balance is added to the final balloon payment and the UPB is paid in full at maturity, there would be no losses on the loan.

4. **What actions are being taken to provide renters relief during this time?**

Fannie Mae delegated to lenders the authority to provide forbearance to borrowers for properties financed by Fannie Mae if the borrower is experiencing hardship due to the impact of the COVID-19 national emergency. As part of the forbearance plan and as required by the CARES Act, borrowers must suspend eviction of tenants for non-payment of rent during the forbearance period. Fannie Mae has also created a [Renters Resource Finder](#) to provide resources and information to help renters stay in their apartments. Fannie Mae anticipates that these actions will provide relief to renters during this time.

5. **What documentation does a borrower need to provide to qualify for forbearance?**

The CARES Act does not define financial hardship but requires that the servicer document a borrower’s financial hardship in connection with a request for forbearance. Fannie Mae has delegated this step to the servicer to give the servicer flexibility to determine the type and extent of borrower documentation that may be necessary to meet the CARES Act requirement.

6. **How can I tell if a loan is in a COVID-19-related forbearance period?**

Per our [announcement](#), as part of Fannie Mae’s efforts to provide transparent and timely communication to our investor community, we are publishing a Multifamily MBS COVID-19 Forbearance List in [DUS Disclose®](#), our multifamily disclosure platform. This list is updated weekly on Wednesday afternoons and resides in the MBS Reports section on the [Data Collections page in DUS Disclose](#). We also update the individual MBS page in DUS Disclose with a banner about that security’s related forbearance period.

The Multifamily MBS COVID-19 Forbearance List includes the pool number, CUSIP, and loan number for MBS for which an underlying loan is in a COVID-19-related forbearance period. The list also includes the current status. If a borrower has requested, and Fannie Mae has approved, a forbearance, the status will be listed as Active. If a borrower has chosen not to take a requested and approved forbearance, the status will be listed as Withdrawn. The “Last Updated” date at the top of the document will alert users to when the list was last updated.

We are also providing the applicable list of loans in a forbearance period for [MCAS transactions](#) (via CTSLink) and [MCIRT transactions](#) at the same time the list is published in DUS Disclose.

7. **When does Fannie Mae start counting towards the four consecutive missed payments required to have the option to purchase the loan out of the MBS trust?**

Fannie Mae starts its delinquency clock at the first missed payment. Loans in forbearance continue to be reported as delinquent. After four consecutive missed payments Fannie Mae has the option, but not the obligation, to purchase the loan out of the MBS trust. (As noted above in the answers to questions one and three, this does not impact MCIRT or MCAS investors, as premium payments to MCIRT investors and interest payments
8. **Why can I see a loan listed on the Multifamily MBS COVID-19 Forbearance List under Data Collections in DUS Disclose, but that same loan is indicated as being current when I look it up using the Advanced Search function in DUS Disclose? When will the loan show as delinquent?**

The Multifamily MBS COVID-19 Forbearance List published in DUS Disclose Data Collections shows loans where a forbearance period has been requested and granted. A forbearance request may predate the borrower’s first missed payment, in which case the loan would appear on the forbearance list and also show as current in DUS Disclose, until the month after the first missed payment. Additionally the Multifamily MBS COVID-19 Forbearance List is updated weekly, while the delinquency is determined in reported out monthly, resulting in a natural lag between the two.

Investors can find a first indication of loan delinquency from DUS Disclose on the 23rd calendar day in the month following the borrower’s first missed payment, when the Loan Payment Status field would be updated from Current to 30-59 Days Delinquent. If the loan remains delinquent, the next update will appear on the 6th business day of the next month in the MBS Loan Level Delinquency 60-Plus Days Report in DUS Disclose Data Collections. For example:

**April 1:** borrower misses first payment  
**April 25:** Fannie Mae advances scheduled P&I to investor  
**May 1:** borrower misses second payment  
**May 22:** DUS Disclose May Loan Payment Status changes to **30-59 Days Delinquent**, indicating one missed monthly payment (April)  
**May 25:** Fannie Mae advances second scheduled P&I to investor  
**June 1:** borrower misses third payment  
**June 8** (6th business day): loan appears on the MBS Loan Level Delinquency 60-Plus Days Report as **60 days delinquent**, indicating two missed monthly payments (April, May)  
**June 23:** DUS Disclose Loan Payment Status changes to **60-89 Days Delinquent**, indicating two missed monthly payments (April, May)  
**June 25:** Fannie Mae advances third scheduled P&I to investors  
**July 1:** borrower misses fourth payment  
**July 9** (6th business day): loan appears on the MBS Loan Level Delinquency 60-Plus Days Report as **90 days delinquent**, indicating three missed monthly payments (April, May, June)  
**July 23:** DUS Disclose June Loan Payment Status changes to **90+ Days Delinquent**  
**July 25:** Fannie Mae advances fourth scheduled P&I to investors  
**August 10** (6th business day): loan appears on the MBS Loan Level Delinquency 60-Plus Days Report as **120 days delinquent**  
**August 21:** DUS Disclose August Loan Payment Status changes to **120 Days Delinquent**
9. **Fannie Mae shows that delegation of forbearance is effective until August 31, 2020. Do you expect that to change?**

To align with the CARES Act, we have delegated to lenders the authority to grant forbearances, if requested by a borrower, for up to three monthly payments for any loan that was current as of February 1, 2020. This delegation for COVID-related forbearances is effective until August 31, 2020. It does not preclude Fannie Mae from offering COVID-related forbearance through the earlier of the end of the federally declared emergency period or December 31, 2020, as outlined in the CARES Act. We continue to monitor this situation to ensure our guidance is appropriate.

10. **With many colleges/universities cancelling on-campus classes, how will this impact student housing properties?**

With uncertainty around when colleges and universities can resume in-person classes, Fannie Mae continues to monitor the situation closely. Typically, student housing leases are paid on a monthly basis and very few leases are pre-paid for the semester or the year. Most student housing leases carry some form of parental guarantee that may help counteract any short-term destabilization of occupancy, once students return to campus.

**Resources**

- [COVID-19 Investor Resources](#)
- [DUS Disclose](#)
- [Here to Help | Multifamily](#)
- [Multifamily Credit Risk Management Presentation](#)
- [Multifamily Loan Performance Data](#)
- [Renters Resource Finder](#)

For questions, please contact the Fannie Mae Investor Help Line at 1-800-232-6643, or send us an [e-mail](#).

Learn more about what Fannie Mae is doing in response to the COVID-19 emergency on the [Our Approach](#) page.

*This document last updated June 12, 2020.*