As the situation around COVID-19 continues to evolve, we recognize that these are unprecedented times. First and foremost, our thoughts are with the families impacted by the virus.

At Fannie Mae, we remain focused on our mission to provide liquidity to the market. In maintaining our commitment to transparency, we have compiled the following frequently asked questions related to impacts from COVID-19 on our Multifamily mortgage-backed securities (MBS), specifically Delegated Underwriting and Servicing (DUS®) and Guaranteed Multifamily Structures (GeMS™), and our credit risk transfer (CRT) programs, including Multifamily Credit Insurance Risk Transfer (MCIRT™) and Multifamily Connecticut Avenue Securities (MCAS™).

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

   For the current situation and consistent with past disaster events, Fannie Mae has decided to delegate authority to lenders to grant forbearances, if requested by a borrower, for up to 3 months of missed payments if the lender determines that the relief is warranted or needed due to the impact of the coronavirus national emergency.

   **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 120 days and may choose to advance for up to two years before being required to buy 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 a 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 prepayment.

   **MCIRT/MCAS Investors**

   CRT investors can see both unpaid principal balances (UPBs) – actual UPB with the unpaid principal from the forbearance and scheduled UPB (showing any scheduled amortization payments) – in the periodic reporting in
Multifamily Loan Performance Data. If the loan defaulted and the actual UPB was higher than it otherwise would have been due to the forbearance, there may be an increased risk of loss on the loan.

Interest payments to MCAS investors and premium payments to MCIRT investors are not dependent upon interest collections on the Reference Obligations. As a result, reduced interest collections due to temporary payment forbearance will not affect these payments. If the borrower repays the deferred interest 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, we would take proactive loss mitigation measures to reduce the likelihood and severity of any losses. Additional resources on our credit risk management practices are available on our website.

2. Has Fannie Mae Multifamily 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. Will bond investors continue to expect timely payment of principal and interest?

**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 120 days, we have the option, but not the obligation, to buy the loan out of the MBS trust. Generally, we are required to repurchase a loan from the MBS trust if it has been continuously delinquent for two years. When we buy a loan out of an MBS trust, we prepay the outstanding principal and pay accrued interest to holders of the related MBS and/or GeMS, but we do not pay any prepayment premium. In the event of a forbearance, we may elect to buy the loan out of the MBS trust when it reaches 120 days of continuous delinquency or we may choose to leave it in the MBS trust and continue to make scheduled payments of principal and interest to MBS and/or GeMS investors under our guarantee during the forbearance period. As we continue to monitor the situation, additional details on any forbearance we may grant will be available in DUS Disclose®.

**MCIRT/MCAS Investors**
Interest payments to MCAS investors and premium payments to MCIRT investors are not dependent upon interest collections on the Reference Obligations. As a result, reduced interest collections due to temporary payment forbearance will not affect these payments. If the borrower repays the deferred interest 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 is allowing lenders to grant forbearance to borrowers in 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, borrowers must agree to suspend evictions of tenants who are facing financial hardship due to the current crisis. Fannie Mae anticipates that this will provide relief to renters across more than 27,000 properties.

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

Fannie Mae will delegate to its lenders/servicers the authority to grant forbearances for up to 90 days for borrowers requesting relief. We will require lenders/servicers to review the current financial condition of borrowers using prudent commercial underwriting standards such as reviewing rent rolls and collections when making the determination of whether the relief is warranted under the circumstances. Lenders/servicers will certify to Fannie Mae they have conducted this review when delivering the forbearance agreement.

6. **With many universities/colleges closing their campuses for the remainder of the school year, how will this impact student housing properties?**

Leases for the current school year are already in place. Typically, these leases are paid on a monthly basis and very few leases are pre-paid for the semester or year. Most of the leases carry some form of parental guarantee that should help counteract any short-term destabilization of occupancy. Fannie Mae continues to monitor this situation as schools move from on-campus classes to online classes.

**Additional Resources**

- [Press Release: Fannie Mae Provides Assistance to Help Renters Impacted by COVID-19 Stay in Their Apartments](#)
- [Announcement: Multifamily Investor Communication Regarding COVID-19](#)
- [Announcement: Multifamily Update Regarding COVID-19](#)
- [Updated COVID-19 Forbearance Delegation Incorporating CARES Act and Asset Management Site Inspections](#)

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

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

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