
Here to Help

Payment Deferral Updates

Servicer Support Team

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Agenda

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Background

In general, what has changed?



Payment Deferrals (LL-2023-04)

- Fannie Mae and Freddie Mac have aligned on updates to “standard” payment deferral, which will be available for all non-disaster hardships.
- As early as July 1, 2023, but no later than Oct. 1, 2023, servicers must evaluate borrowers for payment deferral in accordance with this Lender Letter. The implementation timeline also applies to disaster payment deferral updates and the general policy updates as will be reflected within the Lender Letter.
- All evaluations in the SMDU UI are currently structured using the updates in LL-2023-04
- Effective 10/1/2023 all evaluations through B2B Gateway will be completed under updates in LL-2023-04

Key Delinquency Parameters

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- Deferral of at least two (2) and up to six (6) months of past-due principal and interest (P&I) payments (including out-of-pocket escrow and servicing advances paid to third parties).
- Twelve-month (12) cumulative cap of past-due P&I payments deferred over the life of the mortgage loan.
- Past due P&I payments deferred from a previous disaster payment deferral or a COVID-19 payment deferral do not count against the cumulative cap.
- No rolling Delinquency (DLQ) or Trial Period Plan (TPP) requirements.



Key Eligibility Criteria

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- The servicer **must** achieve QRPC and confirm the borrower:
 - has resolved the hardship,
 - is able to continue making the full monthly contractual payment, including the amount required to repay any escrow shortage amount over a term of 60 months, and
 - is unable to reinstate the mortgage loan or afford a repayment plan to cure the delinquency.
 - A completed BRP is not required
- The borrower **must** not have failed a non-disaster/non-COVID related mortgage loan modification Trial Period Plan within twelve (12) months of being evaluated for eligibility for a payment deferral.

Key Eligibility Criteria

- The mortgage loan **must not** have received a prior payment deferral or loan modification (non-disaster, non-COVID) with an effective date within twelve (12) months of the evaluation date
- The mortgage loan may receive more than one payment deferral (as long as no more than twelve (12) months of cumulative past-due P&I payments are deferred **over the life of the loan**).
- The mortgage loan must not be within thirty-six (36) months of its maturity or projected payoff date.

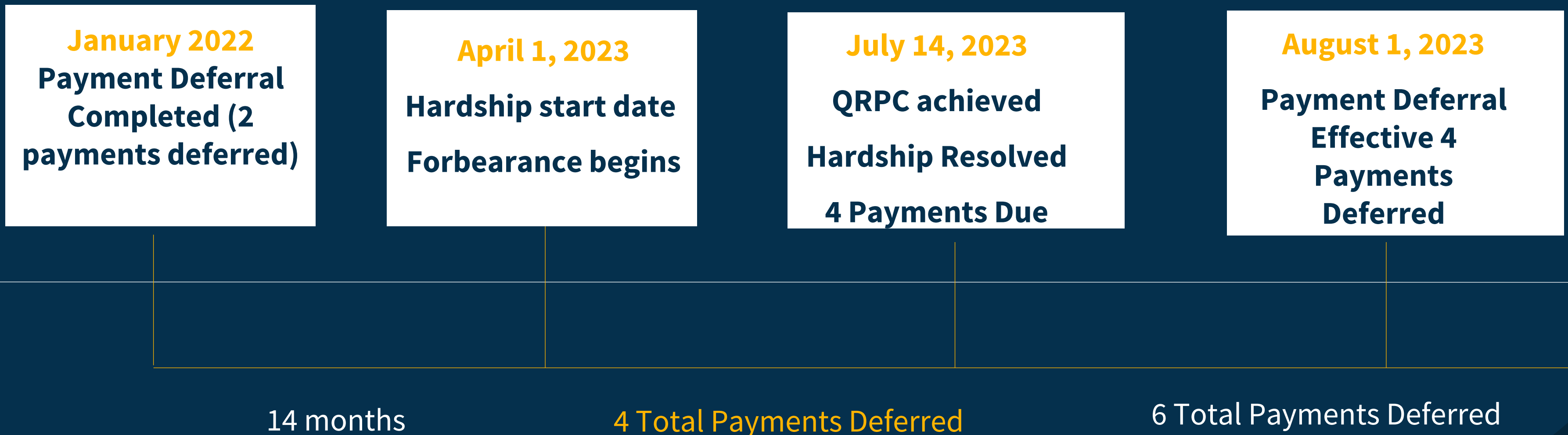
Example 1

A borrower previously completed a payment deferral in January 2022 that deferred two (2) principal and interest payments. Due to a recent temporary loss of income, in April 2023, the borrower has now become four (4) payments past due. The borrower has advised that they have overcome the hardship and are ready to begin making payments but cannot reinstate on their own.

Is the borrower eligible for another payment deferral?

Answer 1

Yes, the loan is **greater than two (2) and less than six (6) months delinquent**, and the prior payment deferral was completed **more than twelve (12) months ago**. With the addition of the two (2) prior deferred payments, the borrower would **not exceed the twelve (12) months cumulative deferral allowance** and is **eligible** to be evaluated for a Payment Deferral as they have **overcome the hardship** and can resume making payments.



Example 2

A loan has a last paid installment (LPI) date of December 1, 2022, and the servicer evaluated the loan on July 13, 2023.

Will contractual payments need to be made?

Answer 2

Yes, because the loan is 6 months past due in the month of evaluation (July 13, 2023), a contractual payment must be made in the same month. Once the contractual payment has been applied to the January 1, 2023 due date, the deferred months would be February 2023 – July 2023 (6 months) with a workout effective date of August 1, 2023.



6 Total Payments Deferred



Example 3

A loan has a last paid installment (LPI) date of December 1, 2022, and the servicer evaluated the loan on July 17, 2023.

Can the servicer use a processing month, and will contractual payments need to be made?

Answer 3

Yes, a processing month can be utilized, and contractual payments must be made in the months of July (month of evaluation) and August (processing month). **When the two contractual payments have been applied, the deferred months would be March 2023 – August 2023 (6 months) with a workout effective date of September 1, 2023**



6 Total Payments Deferred



Example 4

A borrower with multiple prior Covid-19 Payment Deferrals (1st 2021, 2nd 2022) has fallen two (2) months behind on their payments due to an unexpected reduction in work hours.

Upon establishing QRPC on July 1, 2023, the borrower advised that their hardship is resolved, but they cannot reinstate in full, or make a payment in July. They can, however, begin making payments on August 1, 2023.

Would the borrower qualify under the new Payment Deferral guidelines?

Answer 4

Despite having two prior Covid-19 payment deferral, the borrower **would be eligible** for a new Payment Deferral per LL 2023-04, since the borrower has met the minimum two (2) month delinquency requirement, and the total deferred months would be ≤ 6 months. Prior Covid-19 Payment Deferrals would not factor in the review, nor would they count against the twelve (12) month cumulative cap.

Note: QRPC must be established prior to any review taking place.

Borrower received two Covid 19 Payment Deferrals prior to 2023

July 1, 2023

- QRPC established

July 1, 2023

- Hardship resolved
- Affordability Confirmed
- Currently 2-6 months delinquent

July 14, 2023

- Payment Deferral approved/accepted by borrower

August 1, 2023

- Workout effective date

**1st PD
Jan
2021**

**2nd PD
Jan
2022**





Questions

Resources

Homeowner Resources

- [You don't have to face financial uncertainty alone](#)
- [Tools and Information to Help with Your Housing Journey](#)
- [Get Help from a Housing Counselor](#)

Servicer Resources

- [Financial Hardship Messaging Playbook](#)
- [Servicer Toolkit](#)
- [Fannie Mae Payment Deferrals Matrix](#)
- [SMDU Resources](#)
- [Servicing Learning Center](#)

Questions?

Call: 800-2FANNIE, Option 1, then 3

Email: servicing_solutions@fanniemae.com

