



COVID-19 Frequently Asked Questions – Servicing

Updated: June 30, 2020

In response to the COVID-19 national emergency, Fannie Mae and Freddie Mac have provided temporary guidance to lenders on several policy areas to support servicing mortgage loans. These FAQs provide additional information on the temporary policies. We will be adding more FAQs; therefore, we encourage you to check in frequently for updates – refer to the “NEW” or “UPDATED” notations after the question.

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General

Q1. **Do Fannie Mae’s existing disaster policies in the *Servicing Guide* apply to the COVID-19 pandemic?**

No. In accordance with *Servicing Guide* [D1-3.1-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower](#), disasters are earthquakes, floods, hurricanes, or other catastrophes caused by either nature or a person or event beyond the borrower’s control resulting in devastation in terms of property damage and destruction. While we are aware the Federal Emergency Management Agency (FEMA) has made certain declarations that would potentially lead this national emergency to also be considered a disaster in certain areas, we have created specific requirements related to servicing mortgages impacted by COVID-19. Servicers must follow those specific requirements in Lender Letters [LL-2020-02, Impact of COVID-19 on Servicing](#) and [LL-2020-07, COVID-19 Payment Deferral](#). All guidance specific to COVID-19 will be communicated through Lender Letters and FAQ documents such as this.

Q2. **What are Fannie Mae’s expectations of a seller or servicer if its mortgage operation is impacted due to a pandemic?**

Consistent with the requirements in Business Continuity and Disaster Recovery in *Selling Guide* [A4-1-01, Maintaining Seller/Servicer Eligibility](#), we expect sellers and servicers to follow their own business continuity and resiliency plans. The plans must ensure the ability to regain critical business operations in the event of disruption or disaster.

Q3. **What is Fannie Mae doing to ensure homeowners can remain in their homes during this critical time? Updated**

As set forth in Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#), we have communicated temporary policies to enable servicers to better assist borrowers impacted by COVID-19, including suspending foreclosure-related activities until Aug. 31, 2020. With Lender Letter [LL-2020-07, COVID-19 Payment Deferral](#), we have also



introduced a new retention workout option, COVID-19 payment deferral. The guidance released in these Lender Letters is in combination with Fannie Mae's existing loss mitigation policies, including forbearance plans for up to 12 months.

Q4. Will Fannie Mae suspend foreclosures for borrowers impacted by COVID-19? Updated

Fannie Mae acknowledges that the servicer must suspend foreclosure-related activities in accordance with the requirements of the CARES Act, which provides: "Except with respect to a vacant or abandoned property, a servicer of a Federally backed mortgage loan may not initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure-related eviction or foreclosure sale for not less than the 60-day period beginning on Mar. 18, 2020." Fannie Mae has now extended the suspension of foreclosure-related activities through Aug. 31, 2020. During the period of the extension, servicers may not, except with respect to a vacant or abandoned property, initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure sale. This suspension does not apply to mortgage loans secured by properties that have been determined to be vacant or abandoned. See Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#) for additional information.

Q5. Are there additional resources for borrowers impacted by COVID-19?

Our Disaster Response Network (DRN) is operational and can be used to assist borrowers who are financially impacted by COVID-19. The DRN has trained financial counselors who will work with borrowers to create a workable budget based upon the borrower's present financial situation and assist in explaining options including obtaining unemployment benefits and any new special assistance. We encourage servicers to refer Fannie Mae borrowers to our Disaster Response Network at 1-877-542-9723.

Retention Workout Options

Q6. Are there any COVID-19 related workout options to assist homeowners who may be facing hardships due to the pandemic?

If a borrower contacts a servicer indicating they are impacted by COVID-19, the servicer must determine if the borrower has experienced an eligible hardship (for example, unemployment, reduction in regular work hours, or illness of a borrower/co-borrower or dependent family member).

For example, if a borrower is ill or quarantined and unable to work and, as a result, experiences a reduction in income that impacts the borrower's ability to make their monthly mortgage payment, the borrower may be eligible for one of our existing workout options (in accordance with our workout hierarchy). For this situation, a forbearance plan may be an ideal workout option to consider.

Additionally, with Lender Letter [LL-2020-07, COVID-19 Payment Deferral](#) we introduced a new home retention workout option to assist borrowers who have resolved their COVID-19 related hardship. Once the servicer implements COVID-19 payment deferral, it must evaluate borrowers impacted by COVID-19 for a COVID-19 payment deferral in accordance with the eligibility requirements and evaluation hierarchy described in the Lender Letter rather than for the post-disaster forbearance mortgage loan modifications as made available in Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#). Until the servicer implements COVID-19 payment deferral, it must continue to evaluate the borrower for a post-forbearance mortgage loan modification in accordance with Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#).



For more information, see Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#), [LL-2020-07, COVID-19 Payment Deferral](#), and [Lender Letter 2017-09R](#), Fannie Mae Extend Modification for Disaster Relief and Other Clarifications for Mortgage Loans Impacted by Disaster Events.

Q7. What do we do if a borrower becomes ill with COVID-19?

Any financial hardship that impacts the borrower's ability to make mortgage payments as a result of COVID-19, including illness of the homeowner or a dependent, is an eligible hardship that would qualify them for a forbearance plan and/or consideration for other Fannie Mae workout options.

Q8. What is a forbearance plan?

A forbearance plan is a retention option in our workout hierarchy for a borrower with an eligible hardship that is temporary in nature and has not been resolved. A forbearance plan provides for a period of reduced or suspended contractual monthly mortgage payments, followed by a full reinstatement, mortgage loan payoff, or another workout option to enable the borrower to resolve the delinquency. For more information see *Servicing Guide* [D2-3.2-01, Forbearance Plan](#).

As a reminder, the servicer must inform the borrower that the payments which are the subject of a forbearance plan have only been delayed or reduced, not forgiven. The servicer must also inform the borrower that he or she may shorten a forbearance plan term at any time to reduce the amount of payments which are being delayed or reduced.

Please note that Fannie Mae has released COVID-19 specific guidelines related to forbearance plans in accordance with the CARES Act; see Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#).

Q9. What are the eligibility requirements for a COVID-19 related forbearance plan?

As per Lender Letter [2020-02, Impact of COVID-19 on Servicing](#), the servicer must approve forbearance plans for borrowers impacted by COVID-19 in accordance with the CARES Act.

The CARES Act states that a forbearance plan must be provided to any borrower who requests a forbearance with an attestation of the financial hardship caused by the COVID-19 emergency; and no additional documentation other than the borrower's attestation to a financial hardship caused by the COVID-19 emergency is required. Such a borrower must be provided an initial forbearance plan for a period up to 180 days, and that forbearance period may be extended for up to an additional 180 days at the request of the borrower. In accordance with the *Servicing Guide* [D2-3.2-01, Forbearance Plan](#), the servicer may provide an initial forbearance period, and any extended forbearance period, in separate, shorter increments. If the borrower's COVID-19 related hardship has not been resolved during an incremental forbearance period, the servicer must extend the borrower's forbearance period, not to exceed 12 months total. For a borrower impacted by COVID-19, we are temporarily eliminating the requirement that the servicer must receive our prior written approval for a forbearance plan that would result in the mortgage loan becoming greater than 12 months delinquent.

It is important that the borrower go into the forbearance plan understanding that at the end of the forbearance period the forborne payments must be accounted for. Borrowers should not be left with the impression that the missed payments are forgiven.



Q10. How will a COVID-19 hardship be verified when determining if the borrower needs a forbearance plan?

To offer a forbearance plan in conjunction with a COVID-19 related hardship, the servicer must attempt to achieve QRPC with the borrower in order to evaluate the borrower for a forbearance plan, including the verification of the borrower's hardship. However, we acknowledge that there may be scenarios where the servicer is unable to establish QRPC and must offer a forbearance plan in compliance with applicable law without achieving full QRPC. The servicer is considered to be in compliance with our *Servicing Guide* when bypassing requirements in order to adhere to applicable laws and regulations.

Q11. Is Form 710 (Mortgage Assistance Application) required to verify hardship for putting a borrower on a COVID-19 related forbearance plan?

For COVID-19 impacted borrowers, no additional documentation other than the borrower's attestation to a financial hardship caused by the COVID-19 emergency is required for the borrower receiving a forbearance plan.

Q12. What documentation is needed to prove a COVID-19 related hardship?

No additional documentation other than the borrower's attestation to a financial hardship caused by the COVID-19 pandemic is required for a forbearance plan.

Q13. Can a servicer evaluate a borrower for a COVID-19 related forbearance plan without obtaining a complete Borrower Response Package (BRP)?

Yes. Specifically for COVID-impacted borrowers, the CARES Act states that a forbearance plan must be provided to any borrower who requests a forbearance with an attestation of the financial hardship caused by the COVID-19 emergency; and no additional documentation other than the borrower's attestation to a financial hardship caused by the COVID-19 emergency is required. In the event that the servicer is unable to achieve full QRPC and offers a forbearance plan to a borrower impacted by COVID-19 in compliance with the CARES Act, the servicer is considered to be in compliance with Fannie Mae's *Servicing Guide*. The servicer must approve forbearance plans for borrowers impacted by COVID-19 in accordance with the CARES Act.

If the servicer determines the borrower is not eligible for a forbearance plan per the requirements in the *Servicing Guide* or in Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#), but there are acceptable mitigating circumstances, it must request our prior written approval following the existing process. This process requires completion of the Forbearance Exception Request Template and submission to loss_mitigation@fanniemae.com. The subject line must include "Forbearance." See *Servicing Guide* [D2-3.2-01, Forbearance Plan](#) for additional information.

Q14. If a borrower has previously received a forbearance plan or completed a repayment plan or a mortgage loan modification, is he or she eligible for a COVID-19 related forbearance plan?

Yes. Borrowers with a COVID-19 related hardship are not restricted from eligibility for a forbearance plan based on previous hardships or completed workout options.

Q15. Is a borrower with a COVID-19 related hardship ineligible for a forbearance plan because he or she was already delinquent?



No, previous delinquency does not impact forbearance plan eligibility for a borrower with a COVID-19 related hardship.

Q16. Can a borrower enter a forbearance plan when the property is not occupied by the owner?

Per Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#), when determining eligibility for a forbearance plan for a borrower impacted by COVID-19, the property securing the mortgage loan may be a principal residence, a second home, or an investment property.

Q17. How long can a COVID-19 related forbearance plan last?

At the request of a borrower impacted by COVID-19, the servicer must provide an initial forbearance plan for a period up to 180 days, and that forbearance period may be extended for up to an additional 180 days at the request of the borrower. In accordance with *Servicing Guide D2-3.2-01, Forbearance Plan*, the servicer may provide an initial forbearance period, and any extended forbearance period, in separate, shorter increments. If the borrower's COVID-19 related hardship has not been resolved during an incremental forbearance period, the servicer must extend the borrower's forbearance period, not to exceed 12 months total. For a borrower impacted by COVID-19, Fannie Mae is temporarily eliminating the requirement that the servicer must receive Fannie Mae's prior written approval for a forbearance plan that would result in the mortgage loan becoming greater than 12 months delinquent.

Q18. When do I need to contact the borrower when he or she is on a forbearance plan?

The servicer must begin attempts to contact the borrower no later than 30 days prior to the expiration of any forbearance plan term and must continue outreach attempts until either QRPC is achieved or the forbearance plan term has expired. When evaluating the borrower for another workout option prior to expiration of the forbearance plan, we are providing flexibility with regard to achieving QRPC. As noted in Lender Letter 2020-02, Impact of COVID-19 on Servicing, we are eliminating the requirement that the servicer determine the occupancy status of the property and will consider the servicer obtaining the following as achieving QRPC for purposes of evaluating a borrower who has experienced a hardship resulting from COVID-19:

- determining the reason for the delinquency and whether it is temporary or permanent in nature,
- determining whether or not the borrower has the ability to repay the mortgage loan debt,
- educating the borrower on the availability of workout options, as appropriate, and
- obtaining a commitment from the borrower to resolve the delinquency.

Note: If the servicer establishes contact with the borrower prior to expiration of a forbearance plan term and the borrower requests to extend the forbearance plan, the servicer must evaluate and approve the request in accordance with the CARES Act.

Q19. During a suspended payment forbearance plan, what happens to the interest on the mortgage loan?

During a forbearance plan, interest is not paid but still accrues. After the forbearance plan is complete, if the borrower is approved for another workout option, the type of workout option offered will determine how the interest is handled. For example, if the mortgage loan is brought current via a COVID-19 payment deferral, the missed principal and interest payments will not be capitalized into the new modified UPB. Instead, the borrower's missed payments will be placed into a non-interest bearing balance due at maturity of the mortgage loan or earlier payoff.

Q20. Is QRPC required to offer a forbearance plan to a borrower impacted by COVID-19? Does Fannie Mae require that the servicer achieve QRPC verbally?



As described in *Servicing Guide* [D2-2-01, Achieving Quality Right Party Contact with a Borrower](#), QRPC is a uniform standard for communicating with the borrower, co-borrower, or a trusted advisor (collectively referred to as “borrower”) about resolution of the mortgage loan delinquency. We reaffirm the applicability of QRPC when working with a borrower impacted by COVID-19 to ensure the servicer understands the borrower’s circumstances and determines the best possible workout option for resolving the borrower’s delinquency, including evaluation for a forbearance plan. In the event that the servicer is unable to achieve full QRPC and offers a forbearance plan to a borrower impacted by COVID-19 in compliance with the CARES Act, the servicer is considered to be in compliance with Fannie Mae’s *Servicing Guide*.

Note that all contact attempts must be documented in the mortgage loan servicer file, and that the servicer is authorized to use various outreach methods to contact the borrower as permitted by applicable law, including but not limited to:

- mail,
- email,
- texting, and
- voice response unit technology.

Since the above list is not exclusive, methods may also include use of technology platforms and websites if those are permitted by applicable law. See *Servicing Guide* [A4-2.1-04, Establishing Contact with the Borrower](#) for the servicer’s responsibilities in its attempts to contact a borrower.

Q21. Will borrowers who choose to enter into a COVID-19 related forbearance plan have their payment due in one lump sum?

No. While a borrower’s delinquency does increase during a forbearance plan, the delinquency does not necessarily need to be resolved via a lump-sum payment (a reinstatement) after the forbearance plan is complete. Fannie Mae’s workout option hierarchy provides several options for resolving the delinquency if the borrower can’t afford a reinstatement, including a repayment plan, a COVID-19 payment deferral, and a Fannie Mae Flex Modification.

Q22. What is the difference between a forbearance plan and a COVID-19 payment deferral?

As noted in a previous FAQ, a forbearance plan is a retention option in our workout hierarchy for a borrower with an eligible hardship that is temporary in nature and has not been resolved. A forbearance plan provides for a period of reduced or suspended contractual monthly mortgage payments, followed by a full reinstatement, mortgage loan payoff, or another workout option to enable the borrower to resolve the delinquency.

COVID-19 payment deferral is a retention options for borrowers with a hardship that is temporary in nature and that has been resolved. To receive a COVID-19 payment deferral, the borrower must be able to resume making his or her mortgage payments (among other eligibility criteria). This solution brings the mortgage loan current by “deferring” the borrower’s missed payments into a non-interest bearing balance. See Lender Letter [LL-2020-02, Impact of COVID-19 on Servicing](#), [LL-2020-07, COVID-19 Payment Deferral](#), and *Servicing Guide* [D2-3.2-01, Forbearance Plan](#) for additional information.

Q23. If a borrower has already been approved for a workout option and then is impacted by COVID-19, can they still be reviewed for a forbearance plan? What if the borrower is already in a mortgage loan modification Trial Period Plan or if the mortgage loan modification has already been completed?

An eligible borrower may transition directly from an active Trial Period Plan to a forbearance plan, and at the conclusion of the forbearance plan, that borrower may be evaluated for a new Trial Period Plan without the previous one being considered as “failed.” Borrowers subject to other active workout options must communicate to the servicer that they would prefer the forbearance plan, and the alternative option must be canceled by the servicer in



favor of the forbearance plan. A borrower must not be subject to multiple active workout options at the same time. (Note: a previously completed mortgage loan modification is not considered an “active” workout option, as the mortgage loan terms have been permanently modified; this is not a bar to a borrower receiving a COVID-19 related forbearance plan).

Q24. If a borrower who is making payments under a Trial Period Plan converts to a forbearance plan due to a COVID-related hardship, will they still be eligible to receive a Fannie Mae Flex Modification once the forbearance plan is complete and their hardship is resolved?

Generally, eligibility requirements for Fannie Mae’s Flex Modification prevent servicers from offering a Flex Modification to any borrower who has failed a Trial Period Plan within the prior 12 months. However, converting a borrower from a Trial Period Plan to a forbearance plan is not considered a failed Trial Period Plan per *Servicing Guide* [D2-3.2-06, Fannie Mae Flex Modification](#). Further, a failed Trial Period Plan will not prevent a borrower from receiving a COVID-19 payment deferral.

Q25. Does making a payment during the forbearance plan cancel the forbearance plan?

No, a borrower may make payments during the forbearance plan without any impact to the length of the forbearance plan. If a borrower requests a shorter forbearance plan, the servicer must shorten the forbearance plan and, at the completion of the forbearance plan, evaluate the borrower for post-forbearance options.

Q26. When the borrower is on a forbearance plan, is the servicer required to advance escrow? What if the mortgage loan is not escrowed?

When the mortgage loan has an escrow account, the servicer must ensure the timely payment of all escrow and related charges in accordance with applicable law.

However, without regard to whether the mortgage loan has an escrow account, the servicer must protect Fannie Mae’s mortgage lien and the property securing the mortgage loan by monitoring the status of all escrow and related charges; this includes advancing escrow to protect Fannie Mae’s mortgage lien. See *Servicing Guide* [B-1-01, Administering an Escrow Account and Paying Expenses](#) for additional information.

Q27. Some borrowers may have experienced a hardship prior to the COVID-19 pandemic but resolved their delinquency related to that hardship in a way that leaves them ineligible per policy for a COVID-19 payment deferral. For instance, a borrower may have successfully completed a modification Trial Period Plan in March and been brought current in April, but then was impacted by COVID-19 in May. Can the servicer consider that borrower current as of Mar. 1, 2020 so that he or she meets the delinquency eligibility requirements for a COVID-19 payment deferral or post-forbearance mortgage loan modification?

This borrower would not be considered current under the terms of the COVID-19 payment deferral requirements released in Lender Letter 2020-07, COVID-19 Payment Deferral. However, the servicer must submit a request for a COVID-19 payment deferral through Fannie Mae’s servicing solutions system for review and obtain prior approval from Fannie Mae.



Q28. **COVID-19 payment deferral requires that the borrower must be current or less than 31 days delinquent as of the effective date of the National Emergency declaration. Does this mean that as of Mar. 1, 2020, the borrower can be due for their Feb. 1, 2020 payment?**

Yes, the borrower may be due for his or her Feb. 1, 2020 payment (an LPI of Jan. 1, 2020).

Q29. **COVID-19 payment deferral does not have an origination requirement. However, some borrowers impacted by COVID-19 may have mortgage loans that were originated after Mar. 1, 2020, the effective date of the National Emergency declaration related to COVID-19. Can these borrowers still qualify for a COVID-19 payment deferral?**

For these borrowers, the servicer must submit a request for a COVID-19 payment deferral through Fannie Mae's servicing solutions system for review and obtain prior approval from Fannie Mae.

Q30. **After receiving a COVID-19 payment deferral, can the borrower make additional principal payments (i.e., a curtailment) to lower or pay off the deferred non-interest bearing balance prior to paying off the interest-bearing unpaid principal balance? **NEW****

If the curtailment being applied is less than the interest-bearing UPB, the servicer must apply such curtailment to the interest-bearing UPB. If the principal curtailment is greater than or equal to the interest-bearing UPB, then the servicer must apply such curtailment in the following order:

1. to the non-interest bearing balance, if any; and
2. to the interest-bearing UPB.

See *Servicing Guide* [C-1.2-01, Processing Additional Principal Payments](#) and Lender Letter [LL-2020-07, COVID-19 Payment Deferral](#) for additional information.

Reporting and Operational Processes

Q31. **What should I report for a delinquent mortgage loan when a borrower is impacted by COVID-19?**

The servicer must report delinquency status information to Fannie Mae through Fannie Mae's servicing solutions system in accordance with *Servicing Guide* [D2-4-01, Reporting a Delinquent Mortgage Loan to Fannie Mae](#).

In an effort to enable Fannie Mae to identify mortgage loans where the borrower has experienced a hardship associated with COVID-19 while not resulting in a systems impact for either Fannie Mae or the servicer, the servicer must report reason for delinquency code 022, Energy- Environment Costs, when reporting the delinquency status of such mortgage loans to us. This reason for delinquency code indicating a hardship associated with COVID-19 must be reported regardless of whether another reason for delinquency code applies (for instance, 002 – Illness of Borrower may also be applicable but should not be substituted for 022).

Q32. **When is an MBS mortgage loan subject to a forbearance plan reclassified from the trust?**

Fannie Mae generally removes MBS mortgage loans from the trust in the month when the fourth payment is delinquent (see *Servicing Guide* [A1-3-06, Automatic Reclassification of MBS Mortgage Loans](#)). However, most MBS mortgage loans reported in an active forbearance plan are excluded from auto-reclass rules until they reach 24 months delinquent, at



which point they must be removed from the trust (see *Servicing Guide* [A1-3-02, Fannie Mae-Initiated Repurchases, Indemnifications, Make Whole Payment Requests and Deferred Payment Obligations](#)).

There is an exception to this rule—if an MBS mortgage loan subject to a forbearance plan has a pool issue date on or after Jun. 1, 2007 through Dec. 1, 2008, the mortgage loan generally must be removed from the trust if the forbearance plan is extended beyond six consecutive months (unless applicable law requires the extended forbearance plan). Because forbearance plans offered to borrowers impacted by COVID-19 may be extended up to 12 months under the CARES Act, we are no longer required to remove such loans from these trusts if a CARES Act forbearance plan extends beyond six months. As a result, we are updating our reclassification process for mortgage loans in these MBS pools when a borrower impacted by COVID-19 is provided a forbearance plan; such mortgage loans will not be removed from the MBS pool for the duration of the forbearance plan under the CARES Act.

Q33. Are servicers expected to advance principal and interest (P&I) payments on mortgage loans subject to a forbearance plan?

The servicer must remit P&I on scheduled/scheduled remittance type mortgage loans regardless of whether it receives payments from the borrower, until if and when a loan is purchased out of the MBS trust by Fannie Mae. Upon the loan being purchased out of the MBS trust, Fannie Mae will reimburse the servicer for advances made, usually within one to two business days.

See 4-02, Reporting a Mortgage Loan After Reclassification of the [Investor Reporting Manual](#) and *Servicing Guide* [A1-3-06: Automatic Reclassification of MBS Mortgage Loans](#) and [F-1-26, Reclassifying or Voluntary Repurchasing an MBS Mortgage Loan](#) for more information.

Q34. When can a servicer request reimbursement through a 571 claim for escrow and corporate advances? NEW

The servicer may submit requests for expense reimbursement through the 571 claims process as soon as the expense is incurred; Fannie Mae does not limit the number of supplemental claims. Refer to *Servicing Guide* [E-5-01, Requesting Reimbursement for Expenses](#) before submitting requests for expense reimbursement. Additionally, the following link provides more information on Fannie Mae's expense reimbursement processes and provides related job aids: <https://singlefamily.fanniemae.com/applications-technology/servicer-expense-reimbursement>.

Credit Reporting

Q35. Will credit reporting be suppressed for borrowers that are impacted by COVID-19?

In response to the CARES Act, Fannie Mae acknowledges that the servicer must report the status of the mortgage loan to the credit bureaus in accordance with the FCRA, including as amended by the CARES Act, for borrowers affected by the COVID-19 pandemic.

For more information, see [Lender Letter LL-2020-02, Impact of COVID-19 on Servicing](#).

Appraisals and Inspections

Q36. COVID-19 may cause issues with completion of appraisals and inspections. What if...

- the borrower will not let an appraiser into his or her home?



- **an inspector does not feel safe completing a property inspection?**
- **a servicer cannot meet inspection and preservation timelines due to inaccessibility and vendor network constraints?**

Until further notice, Fannie Mae is temporarily providing flexibility with respect to the completion of property inspections, including inspections for properties securing a delinquent mortgage loan as described in *Servicing Guide* [D2-2-10, Requirements for Performing Property Inspections](#) and inspections related to hazard loss repairs as described in *Servicing Guide* B-5-01, [B-5-01, Insured Loss Events](#), as well as property preservation activities as described in *Servicing Guide* [E-3.2-12, Performing Property Preservation During Foreclosure Proceedings](#), as a result of the impact of COVID-19.

If a servicer is unable to complete a property inspection or property preservation activity in accordance with the *Servicing Guide*, it must document its efforts and the reason for any exception in the mortgage loan file.

As a reminder, *Servicing Guide* [D2-2-10, Requirements for Performing Property Inspections](#) authorizes a curbside (drive-by) inspection if there is potential danger to the inspector. Additionally, the [Property Preservation Matrix and Reference Guide](#) authorizes servicers to utilize alternative data or other means available to determine occupancy status when inspection results are unknown due to lack of access. Please also note that the servicer's inability to complete property inspections due to COVID-19 related impacts must not impact the servicer's disbursement of insurance loss proceeds.

Servicers who have questions about property inspections for delinquent mortgage loans should contact Property_Preservation@fanniemae.com; for questions regarding hazard loss inspections, contact Hazard_Loss@fanniemae.com.

Q37. Is an interior inspection required to complete a short sale?

Until further notice, Fannie Mae will only require a single interior inspection by an appraiser or real estate agent when obtaining valuations for short sales. If the homeowner has access concerns, servicers should escalate to their customer relationship team or to the Vendor Management team at VPM_team@fanniemae.com. See *Servicing Guide* [D2-3.3-01, Fannie Mae Short Sale](#) for more information on short sales.

Q38. How should a servicer handle a request for an appraisal or a BPO for borrower-initiated termination of conventional mortgage insurance based on the original value of the property or on the current value of the property?

As a reminder, when a borrower requests mortgage insurance termination based on the original or current value of the property and a BPO or appraisal is required to verify the current value of the property, the property valuation must be based on an inspection of both the interior and exterior of the property. We acknowledge that the impact of COVID-19 may result in a delay in obtaining a BPO or appraisal. If a BPO or appraisal is required to verify the current value of the property, the servicer must notify the borrower that it will be unable to approve the termination request until the BPO or appraisal is completed (along with all other requirements for terminating the mortgage insurance being satisfied). See *Servicing Guide* [B-8.1-04, Termination of Conventional Mortgage Insurance](#) and [F-1-02, Escrow, Taxes, Assessments, and Insurance](#) for additional information.



Incentive Fees

- Q39. **If the mortgage loan transfers to a new servicer after the previous servicer has received the full \$1,000 in incentive fees under the cumulative incentive fee cap for retention workout options as set forth in Lender Letter [LL-2020-09, Incentive Fees for Retention Workout Options](#), is the new servicer eligible to receive any incentive fees for completed repayment plans, payment deferrals, or Fannie Mae Flex Modifications? **NEW****

No, the transferee servicer is not eligible to receive any incentive fees for these retention workout options if the cumulative incentive fee cap has already been met due to workout options completed by the transferor servicer. Incentive fee eligibility is tied to the mortgage loan, not to the individual servicer.

- Q40. **In Lender Letter [LL-2020-09, Incentive Fees for Retention Workout Options](#), Fannie Mae introduced a \$1,000 cumulative incentive fee cap for repayment plans, payment deferrals/COVID-19 payment deferrals, and Fannie Mae Flex Modifications, effective as of July 1, 2020. What incentive fee will the servicer receive for the completion of a Fannie Mae Extend Modification for Disaster Relief or a Fannie Mae Cap and Extend Modification for Disaster Relief? **NEW****

There are no changes to the incentive fees for completing a Fannie Mae Extend Modification for Disaster Relief or a Fannie Mae Cap and Extend Modification for Disaster Relief and the cap does not apply to incentive fees paid for these workout options. The servicer is eligible for the incentive fees for those workout options as set forth in the *Servicing Guide* and Lender Letter LL-2017-09R, Fannie Mae Extend Modification for Disaster Relief as long as the servicer meets the incentive fee eligibility criteria.