



Freddie Mac Multifamily Revises COVID-19 Forbearance Program to Further Align with CARES Act

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MCLEAN, Va., April 15, 2020 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB: FMCC) today announced revisions to its Multifamily COVID-19 forbearance program to further align with CARES Act provisions related to multifamily borrowers and tenants. Freddie Mac's program provides three months of forbearance for borrowers affected by COVID-19 along with a no-evictions policy for tenants during the forbearance period. Freddie Mac created its program prior to the enactment of the CARES Act, but the program at inception was largely consistent with the new law and required only minimal changes.

"Our forbearance program is helping borrowers and tenants who are facing hardship as a result of COVID-19," said Deborah Jenkins, executive vice president and head of Multifamily for Freddie Mac. "The program has already proved to be an important source of relief for multifamily operators and residents who are struggling financially as a result of this national crisis. Today we are announcing revisions to the program so that we are completely aligned with the CARES Act."

Freddie Mac is changing its program in three ways to better align with the CARES Act:

- 1. Updated Evictions Prohibition During Forbearance Period** – If a borrower enters forbearance, Freddie Mac now restricts a borrower from evicting, giving notice of, or starting an eviction of a tenant for nonpayment during the forbearance period. Freddie Mac's initial program required no evictions of tenants for non-payment related to COVID-19 during the forbearance period. The change put in place today means there is no longer a requirement that tenants demonstrate that their nonpayment is due to COVID-19 related hardship.
- 2. Explicit Prohibition on Charging Tenants Late Fees, Penalties or Other Charges for Nonpayment** – Borrowers that enter forbearance under the program cannot charge late fees, penalties, or other charges related to tenant nonpayment of rent during the forbearance period, as required by the CARES Act. This adds explicit guidance from Freddie Mac that borrowers may not charge such fees to tenants while in forbearance, in addition to Freddie Mac's general requirement that borrowers follow all applicable laws.
- 3. Extension of Program to End of Emergency Period** – The last day to enter forbearance under the program is now the end of the federally declared emergency period or December 31, 2020, whichever comes first. Freddie Mac previously set the program to expire August 1, 2020.

Freddie Mac established its COVID-19 Forbearance Relief program to aid multifamily borrowers and tenants affected by the coronavirus. Under the program, multifamily landlords whose properties are financed with a Freddie Mac Multifamily fully performing loan can defer their loan payments for 90 days by showing hardship as a consequence of COVID-19 and by gaining lender approval. In turn, Freddie Mac is requiring no evictions for nonpayment during the forbearance period. The program is accessible to borrowers across the more than 27,000 properties that currently have performing Freddie Mac loans. Approximately 4.2 million U.S. renters reside at those properties.

The forbearance program is modeled on Freddie Mac's industry-leading disaster-relief forbearance plan introduced in the wake of Hurricane Harvey in 2017. Since then, Freddie Mac has implemented the forbearance plan in response to other natural disasters, including additional hurricanes and the California wildfires.

[Freddie Mac Multifamily](#) helps ensure an ample supply of affordable rental housing by purchasing and securitizing mortgages on apartment buildings nationwide through its network of Optigo® lenders. Freddie Mac Multifamily loans made up more than 20% of total Multifamily debt originations in 2019, as a percentage of unpaid principal balances. More than 90% of the mortgages purchased support rental units for households earning 120% of area median income or below. Freddie Mac securitizes about 90% of the multifamily loans it purchases, thus transferring the majority of the expected credit risk from taxpayers to private investors.

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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