Freddie Mac Announces COVID-19 Payment Deferral

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Extended Payment Deferral Solution Helps Homeowners Recover from COVID-19 Related Financial Hardship

MCLEAN, Va., May 13, 2020 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) today announced a solution for homeowners once they have resolved their COVID-19-related hardship that can quickly bring their mortgages current and put them back on track. The Freddie Mac COVID-19 Payment Deferral solution returns a homeowner's monthly mortgage payment to its pre-COVID amount by adding up to 12 months of missed payments, including escrow advances, to the end of the mortgage term without accruing any additional interest or late fees. This will help borrowers keep their mortgage payment current following their hardship when other options—such as reinstatement, or a repayment plan—are not viable.

The COVID-19 Payment Deferral solution is effective July 1, 2020, at which time Servicers must begin evaluating homeowners with resolved COVID-19 related hardships for eligibility.

"Our main focus continues to be finding new and innovative ways to help borrowers and their families during this pandemic," said Donna Corley, executive vice president and head of Freddie Mac's Single-Family business. "Our payment deferral solution adds another tool to our toolbox to help homeowners pick up where they left off once they've recovered from a short-term financial hardship."

In March, Freddie Mac announced it was taking a number of actions to assist homeowners facing financial hardship due to COVID-19. This includes up to 12 months of forbearance, during which a borrower's payments are reduced or suspended. While borrowers in forbearance must repay the missed payments, the company offers a number of options to bring borrowers current, including reinstatement, a repayment plan, the new COVID-19 Payment Deferral or lowering monthly payments through its Flex Modification. Borrowers are never required to make up missed payments in a lump sum.

Loan servicers will reach out about 30 days before the initial forbearance plan is scheduled to end to determine which Freddie Mac assistance program is best or if additional forbearance is needed.

The COVID-19 Payment Deferral brings the homeowner current on their mortgage by deferring principal, interest and any other expenses advanced by the mortgage servicer into a non-interest bearing forborne balance that will become due at the end the loan, such as when the loan is paid off, refinanced or the home is sold. The maturity date, remaining term, interest rate and payment schedule remain unchanged. Payment Deferral does not prevent a homeowner from ultimately being eligible for a Freddie Mac modification if payment relief is needed in the future.

Borrowers who may be experiencing financial challenges due to COVID-19 are strongly encouraged to contact their mortgage servicer – the company they send their monthly mortgage payments to – so they can explore one of the Freddie Mac workout options.

Consumers looking for additional resources can visit MyHome® by Freddie Mac. Borrowers can use the secure Freddie Mac Loan Look-Up Tool to quickly find out if the company owns their loan.

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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