Freddie Mac Multifamily Announces New COVID-19 Forbearance Options and Tenant Protections

June 29, 2020

New Relief Applies to Loans with Existing Forbearance Agreements

MCLEAN, Va., June 29, 2020 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) Multifamily today announced it has created three supplemental forbearance relief options to assist borrowers who currently have a forbearance plan in place and who continue to be materially impacted by the effects of the COVID-19 pandemic. The three supplemental relief options include: the option to delay the start of the repayment period following forbearance; an extension of the repayment period; and, an extension of the forbearance period with an optional extended repayment period.

The changes announced today also extend several tenant protections. For instance, any extension of the forbearance period will also extend the prohibition on evicting tenants solely for nonpayment of rent, which was part of Freddie Mac's original forbearance program. Similarly, borrowers with loans with a forbearance agreement in place may not charge tenants late fees or penalties solely because of the nonpayment of rent during the forbearance period or the borrowers' repayment period.

The forbearance program also requires borrowers to provide flexibility to tenants, allowing the repayment of back rent over time and not in a lump sum. Finally, taking advantage of the new protections announced today will also require borrowers (subject to any prohibitions under local law) to provide 30-days' notice to tenants prior to any eviction taking place during the repayment period.

"Many borrowers are still facing hardship even though they may soon exhaust the 90-day forbearance granted in the initial iteration of our COVID-19 relief program," said Debby Jenkins, executive vice president and head of Freddie Mac Multifamily. "These additional relief options will provide more flexibility to borrowers and extend tenant protections for renters who also continue to struggle with the economic effects of the pandemic."

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 by showing hardship as a consequence of COVID-19 and by gaining lender approval. 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. Roughly 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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