Fannie Mae®

Supplement 20-11: COVID-19 Delegated Forbearance Extension

Effective: 07/01/20
Retired: 08/20/20

Summary of Changes

HIGHLIGHTS
Effective July 1, 2020, Fannie Mae is: • updating the COVID-19 forbearance program, including extended forbearance relief for multifamily Borrowers experiencing a financial hardship due, directly or indirectly, to COVID-19; and • temporarily modifying Asset Management Property inspection information.

Forbearance Updates

Fannie Mae is providing updated guidance regarding forbearance relief for Borrowers and Properties impacted by COVID-19 (the Event).

Forbearance

You must immediately cease using the Forbearance and Non-Waiver form provided in Supplement 20-05 and use the revised attached Exhibit A form for initial forbearances. This form includes updated tenant protection provisions during the Borrower's forbearance and repayment periods, including

- allowing tenants to repay missed rent over a reasonable time determined by the Borrower in its sole discretion,
- requiring the Borrower to provide notices to vacate to tenants before repossessing a unit, and
- prohibiting the Borrower from charging late fees on missed rent payments.

Forbearance Extensions

You should immediately consider extending the forbearance if:

- a Borrower has received all 3 months of the available initial delegated forbearance relief related to the Event for any Mortgage Loan that was current as of February 1, 2020;
- the Borrower continues to experience financial hardship due directly or indirectly to

COVID-19; and

- you determined that the Borrower will be unable to begin repaying the amounts owed after the Forbearance Expiration Date.

You are delegated the authority to execute a forbearance extension agreement for up to 3 additional monthly payments beginning with the first monthly payment after the initial Forbearance Expiration Date if:

- a pre-negotiation letter was executed between you and the Borrower covering on-going Borrower discussions;
- you documented the Borrower's continued financial hardship; and
- you confirmed the Borrower has complied with the terms and conditions of the forbearance agreement, including, without limitation, submitting monthly reporting, remitting any required Net Operating Income (NOI), suspending evictions, and performing any required repairs.

You are delegated the authority to:

- extend forbearance for any one or more monthly payments immediately following the Forbearance Expiration Date; and
- provide additional extensions so long as the total forbearance extension does not exceed the 3 monthly payments immediately following the Forbearance Expiration Date.

The maximum relief any Borrower may receive under the initial delegated forbearance program plus this extended delegated forbearance relief is 6 months of missed payments.

Under this delegation, you may not charge the Borrower a fee for the extension.

You are not delegated the authority to extend any

- Mortgage Loan transaction with an Unpaid Principal Balance (UPB) of $50 million or more,
- Bond Credit Enhancement Mortgage Loan,
- Seniors Housing Mortgage Loan, or
- Non-Performing Mortgage Loan transferred to Special Asset Management for a non-Event related forbearance default.

The extension agreement must:

- Require the Borrower to bring the Mortgage Loan current by the earlier of
  - the date that is the multiple of 4 months for each month of total forbearance (e.g., 4 months of forbearance equals 16 months of repayment, 5 months of forbearance equals 20 months of repayment, etc.), and
  - the Borrower's receipt (or your receipt on the Borrower's behalf) of Business Income insurance proceeds (or any other assistance or relief program proceeds), per the forbearance agreement.

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- Extend the existing terms and conditions within the initial forbearance agreement, including, but not limited to the
  - eviction suspension,
  - monthly reporting, and
  - remitting of NOI for each month of forbearance during both the initial and extended forbearance periods.
- Include the required tenant protection provisions for rent repayment, notices to vacate, and late fees for missed rent payments.
- Be documented on the required extension agreement form (Exhibit B) without modification and executed by you and the Borrower's authorized representative.

Neither the forbearance agreement, nor any forbearance extension agreement, may extend or modify the Maturity Date of the Mortgage Loan unless expressly agreed to by Fannie Mae and documented by an Amendment to the Loan Documents signed by all parties. For any Mortgage Loan with a Maturity Date within the repayment period, all amounts outstanding under the forbearance or extension will be due and payable on the stated Maturity Date.

You must:

- certify you
  - acted as a prudent commercial real estate lender,
  - conducted sufficient due diligence to document the Borrower's hardship, and
  - reviewed the necessary information and documents to determine the extended relief granted to the Borrower is necessary;
- obtain Fannie Mae's approval of any changes to the extension agreement form;
- submit a copy of the executed extension agreement in the Multifamily Asset Management Portal (MAMP); and
- retain a copy in your Servicing File.

During the extended forbearance period, Fannie Mae:

- will refrain from taking any adverse action against the Borrower to give you and the Borrower time to determine the status of the Property and its operations (including the status and amount of any insurance claims); and
- must approve in writing any forbearance or continuation exceeding the delegated extension.

After granting a forbearance extension during the Event, you must:

- apply reasonable judgment and comply with the Guide and this Supplement;
- determine if any further action or relief is necessary and feasible; and

- determine whether to recommend continuing forbearance after all relevant information is obtained and analyzed.

Late Fees

During the extended forbearance period related to the Event, Fannie Mae

- is waiving the late charges we are entitled to, and
- encourages you to provide relief from the late charges retained by you per .

Delinquency Advances

You remain responsible for making Delinquency Advances and Servicing Advances per the Guide for a Mortgage Loan granted a forbearance, and your Delinquency Advances do not advance the Mortgage Loan's last paid installment date. Refer to Supplement 20-08 regarding advancing the last paid installment date during the repayment period following any extended forbearance period.

Electronic Signatures

The pre-negotiation letter, forbearance agreement, and extension agreement may be electronically signed, if:

- Each signature is attached to, or logically associated with, the applicable agreement, with a visual symbol evidencing the signer's electronic signature.
- All electronic signatures, electronic signature systems, and software must comply with, and be enforceable under, the Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Signatures Act (UETA), as adopted by the state where the signature is applied.
- You retain and deliver to Fannie Mae, for each electronic signature, an audit trail evidencing how the transaction was conducted and all other relevant data under the circumstances.

You are solely responsible for all costs and expenses associated with using electronic signatures and electronic notarization, and agree to indemnify and hold Fannie Mae harmless against any loss, damage, judgment, cost or expense that we may sustain from your use of electronic signatures or electronic notarization, including, without limitation, reasonable attorneys' fees and costs incurred by or on our behalf.

Property Inspections

Fannie Mae is also temporarily modifying Part V, Chapter 4: Asset Management: Loan Document Administration, and , to delegate to you the authority to identify the appropriate

individual to conduct the inspection (e.g., experience and training level, in-house versus third-party, etc.) provided:

- you must not violate any prohibitions imposed by federal, state, or local jurisdictions; and
- any reduced scope (e.g., inspecting only unoccupied units or exteriors only) must be identified in the Limitations of Field Assessment section of the Fannie Mae Assessment Addendum of the MBA Standard Inspection Form.

Additional Resources

Please reference the COVID-19 response website for:

Fannie Mae at https://www.fanniemae.com/portal/covid-19.html; and

Fannie Mae Multifamily at https://www.fanniemae.com/heretohelp/multifamily/.