

Borrowers in Forbearance Can Still Get a Mortgage, Probably...

By: Jann Swanson | Tue, May 19 2020, 1:43 PM

Homeowners who have been granted forbearance from making full payments on their GSE guaranteed loans during the COVID-19 crisis may still be able to refinance or buy a new home when the crisis ends.

The Federal Housing Finance Agency (FHFA) has announced that Fannie Mae and Freddie Mac will permit borrower to obtain a new mortgage **under the following conditions**. 1) They have reinstated their mortgage or have continued to make their mortgage payments despite being in forbearance or 2) where forbearance has ended, eligibility will be dependent on making three consecutive payments under a repayment plan, a loan modification, or the recently announced payment deferral option.

"Homeowners who are in COVID-19 forbearance but continue to make their mortgage payment **will not be penalized**," said Director Mark Calabria. "Today's action allows homeowners to access record low mortgage rates and keeps the mortgage market functioning as efficiently as possible."

It's not entirely clear if the two conditions above are BOTH required or if it's an "either/or" situation. FHFA's press release may offer clarity in the following section, but it's still potentially open to interpretation:

"Borrowers are eligible to refinance or buy a new home if they are current on their mortgage (i.e. in forbearance but continued to make their mortgage payments or reinstated their mortgage). Borrowers are eligible to refinance or buy a new home three months after their forbearance ends and they have made three consecutive payments under their repayment plan, or payment deferral option or loan modification."

In any event, we expect there will be some additional clarification offered shortly.

FHFA is also **extending** the ability of the GSEs to purchase single-family mortgages that are in forbearance to those with note dates on or before June 30, 2020. The previous deadline was May 31. These loans must be delivered to the GSEs by August 31, 2020 and the borrower may not have missed more than one mortgage payment.

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