

Practice Update

FHFA Limits Mortgage Servicer Forbearance Advances to Four Months

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On [April 21](#) the Federal Housing Finance Agency (FHFA) announced a new policy for servicer obligations towards Fannie Mae and Freddie Mac loans in forbearance. Under the new policy, servicers are only required to advance four months of missed payments on a loan in forbearance. After four payments have been advanced servicers need not advance additional payments. FHFA also stated that loans in COVID-19 forbearance will remain in mortgage-backed security pools, like other loans in forbearance due to natural disasters. FHFA explained these policy changes will help provide servicers with cost certainty, reduce GSE liquidity risk, and help ensure ongoing support for affected borrowers.

Our alert on the GSE COVID-19 guidance, which addresses forbearance, is available [here](#). Our alert on CARES Act forbearance is available [here](#).

This information is intended to inform firm clients and friends about legal developments, including recent decisions of various courts and administrative bodies. Nothing in this Practice Update should be construed as legal advice or a legal opinion, and readers should not act upon the information contained in this Practice Update without seeking the advice of legal counsel. Prior results do not guarantee a similar outcome.

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