Multifamily Securitization Forbearance Report

Data as of August 25, 2020

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Report Highlights

- Master servicers on Freddie Mac securitized loans have reported 1,223 forborne loans totaling $7.5 billion. This equates to 2.4% of the outstanding securitized unpaid principal balance (UPB) and 5% of the total Freddie Mac securitized loan population.
- In August, there was a net decrease of 25 loans in forbearance (not including four loans that have completely paid-off), the first monthly decline since implementation of the forbearance program in March.
- As of June 29, Freddie Mac updated the forbearance relief program to include three supplemental options that may be appropriate for servicers to use to assist qualified borrowers currently in forbearance and still facing significant hardships from the pandemic. Learn more here.
- The majority of loans, 79% by loan count and 73% by UPB, whose forbearance period ended in August or earlier, are currently making payments or have made all their forborne payments.
- A higher percentage of the forborne loans are Small Balance Loans (SBL), at 76% by loan count, but 33% by UPB. Since these properties have fewer units, each tenant experiencing stress has a larger impact on small property performance.
- Of the total $7.5 billion of forborne loans, 10.1% are student housing and 11.7% are seniors housing facilities.
- Prior to the COVID-19 crisis, the multifamily market was on solid ground, which has contributed to the relatively strong credit quality of those forborne loans. Based on a combination of pre-crisis and updated credit metrics, 70.7% of the forborne loans have a debt service coverage ratio (DSCR) above 1.25x. Meanwhile, 96.6% of forborne loans have a mark-to-market loan-to-value (LTV) ratio of less than or equal to 80%.
- The vast majority of forborne loans would need to sustain an effective gross income (EGI) drop in excess of -10% in order to fall below a 1.00x DSCR.
- Forbearance requests are distributed across the country in 40 states and the District of Columbia. The top states are New York, Texas, California, Florida and Maryland.
- About 10% of all the forborne loans have maturity dates before 2024. The remaining 90% of the forborne loans do not mature until 2024 or later.

COVID-19 continues to have a profound economic impact across the country. Weekly jobless claims have moderated from their mid-March high of 6.6 million down to 884,000 for the week ending September 5, while continuing unemployment claims remain elevated at 29.6 million. The unemployment rate in August was 8.4%, down from the prior month's 10.8% and from the peak in April of 14.7%.

Every state has started to reopen, but potential upticks in the number of COVID-19 cases across the country still threaten the near-term vitality of the macroeconomy. August's unemployment numbers show that people continue to return to work, but the jobless rate remains high, which may impact tenants' ability to pay rent without sufficient government support.

Forbearance and August Rent Payments

The National Multifamily Housing Council (NMHC) reported rent payment numbers started to slow in August compared with the prior months.[1] By the end of August, 94.5% of renters made a full or partial rent payment, which is down 1.2 percentage points compared with the prior month of July at 95.7%, and down 1.3 percentage points compared with August of last year. August saw a slowdown from the prior months and ended 0.1 percentage points lower than April at 94.6%. In the first week of September, which included Labor Day, the collection rate declined compared with the prior five months, at 76.4%. The weaker payment rates can be partially attributed to expiration of the enhanced unemployment benefits from the CARES Act, which expired at the end of July. Uncertainty regarding the future of the federal stimulus efforts and unemployment benefits may stress tenant's ability to make timely or full rent payments as the unemployment rate remains elevated at 8.4%.

Borrowers requesting forbearance must provide evidence of financial hardship pertaining to COVID-19 as well as a delinquency and forbearance report. Once the request is approved, the forbearance period will cover up to three consecutive monthly payments. On June 29, Freddie Mac updated its forbearance relief program to provide servicers with additional relief options for those qualified borrowers who currently have forbearance in place and continue to be impacted by the effects of the pandemic, referred to as Forbearance 2.0 in this report. Previously, the borrower was required to repay the forborne loan payments in no more than 12 equal monthly installments after the forbearance period. Under the new supplemental relief options, for a borrower whose property is still materially, adversely affected by the effects of the pandemic, a servicer may determine that one of three options would be appropriate: the option to delay the start of the repayment period following forbearance; to extend the repayment period; or to extend of the forbearance period with an optional extended repayment period. Servicers will review updated financials provided by the borrower to determine whether any of the options are appropriate. In some cases, however, none of the options may be feasible and those borrowers will be referred to a special servicer.

[1] This reporting is specific to properties using property management software and likely is most relevant to larger, institutional-type properties, whereas smaller multifamily properties may have different results.

Forbearance Loan Characteristics

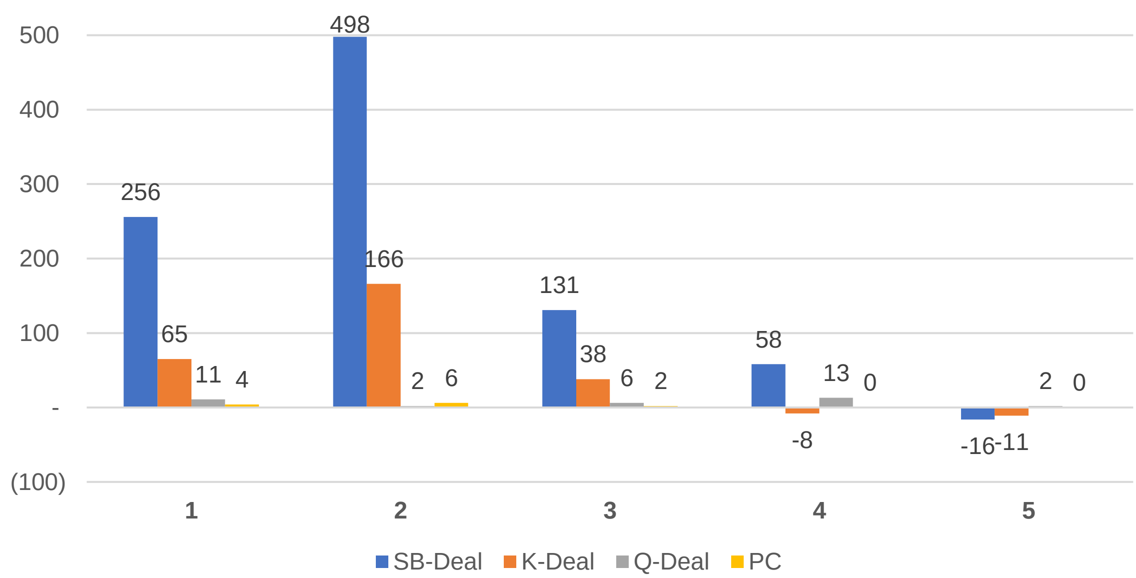
Basic Characteristics

Master servicers of Freddie Mac loans have reported 1,223 forborne loans for a total of $7.5 billion outstanding UPB, or roughly 2.4% of total securitized loan UPB and 5% of total number of loans.

As of August 25,[2] the master servicers reported 1,223 forborne Freddie Mac securitized loans, or roughly 5% of our total securitized loan population. This equates to $7.5 billion of outstanding UPB and represents 2.4% of our total securitized UPB. This data is sourced from our four master servicers, including Freddie Mac, and encompasses only loans that have been approved for forbearance and does not include delinquent loans or loans for which the forbearance has terminated. Terminated refers to loans that have repaid in full either during the three-month forbearance period or after the forbearance period and are no longer considered forborne loans.

August saw the first monthly net decrease in the number of forbearance loans, down 25 loans from the July Forbearance report. Exhibit 1 shows the monthly change of K- and SB-Deal® forbearance loans. In August, more loans terminated their forbearance than new loans that entered forbearance. Monthly reporting captured 44 newly terminated loans, made up of 30 SB-Deal loans and 14 K-Deal® loans, compared with 19 newly forborne loans, made up of 14 SB-Deal loans, three K-Deal loans, and two Q-Deal loans.[3]

Exhibit 1: Monthly Change in Forbearance Loans



Source: Freddie Mac. Excludes Multi PC and Q-Deals

The average UPB of forborne loans in August is relatively small at around $6.2 million, whereas the average loan size in the overall securitized portfolio is $12.6 million. This is partially due to a higher percentage of SB-Deal loans requesting forbearance, as seen in Exhibit 2. Each unit in properties

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[2] This date references the loans in forbearance as of the security payment date of August 25.
[3] Due to reporting differences, there are some loans that were terminated last month but incorrectly recorded and showed up as newly terminated this month. Those loans were not included in the 44 newly terminated list described here. Also, there were an additional four loans that were terminated but paid off in August and are not captured in these numbers.

with small balance loans represents a greater proportion of overall cash flows. The SBL program also typically finances properties with fewer amenities, making them more affordable to tenants that are more likely to be hourly paid workers and hit harder by nonessential business closures.

Exhibit 2: Forbearance Loans by Deal

	K-Deal	SB-Deal	Q-Deal	Multi PC
Forborne Loans (Count)	250	927	34	12
Total Loans (Count)	13,677	8,920	1,180	481
Percent of Loans Forborne	1.8%	10.4%	2.9%	2.5%
Forborne Loans (Outstanding UPB)	$4.4B	$2.5B	$126M	$547M
Total Loans (Outstanding UPB)	$271.3B	$23B	$2.9B	$8.9B
Percent of Loans Forborne	1.6%	10.7%	4.3%	6.2%

Source: Freddie Mac

Forbearance 2.0

In late June, Freddie Mac introduced Forbearance 2.0, which allows, at the servicers' discretion, borrowers who were still experiencing hardship the opportunity to adjust their forbearance period and/or payback period. There are 1,197 loans that took forbearance in March, April or May.[4] As the three-month forbearance program came to an end for those loans, the borrower would have been required to resume monthly debt service payments along with a monthly payment of one-twelfth of the forborne debt service amount, unless the forbearance was terminated or additional relief was approved.

There are 167 forborne loans from May or earlier taking or seeking Forbearance 2.0 additional relief, with a higher concentration of additional relief requested among SB-Deal loans.

Exhibit 3 shows the breakout of forborne loans whose three-month forbearance period came to an end in August or earlier. There are 70 loans that were reported as having terminated forbearance, which indicates that they have repaid all their forborne payments and have no remaining advanced principal and interest payments (P&I).[5] We saw 167 loans granted or in process of obtaining additional relief through Forbearance 2.0. This represents 14% of loans, or 21% of UPB, that ended their forbearance period and were granted or are working on additional relief. These loans are still captured in the forbearance population for reporting purposes since they have not terminated their forbearance obligations.

There are 22 loans for $195 million that started forbearance in April or May and are considered 90+ days delinquent as of the determination date used to populate the August trustee reports. These loans had no additional relief in process or approved and did not pay the July and/or August debt service plus one-twelfth of the forborne payment. However, due to reporting timing, we anticipate this number will change but will not be captured until next month's reporting.

[4] This total may not match the May and April forbearance report due to delay in timing or canceled forbearance requests.
[5] Reporting of these loans will differ across master servicers. Some will report these in the LPU as forborne but current with no advances on P&I, whereas others will remove the forborne modification code.

Exhibit 3: Forbearance Update

		Terminated	Additional Relief Approved	Additional Relief in Process	Current or <30 day	Delinquent	Total
Count	K-Deal	30	6	46	168	9	**259**
	SB-Deal	40	54	57	735	13	**899**
	Q-Deal	0	1	1	26	0	**28**
	PC	0	1	1	9	0	**11**
	Total	**70**	**62**	**105**	**938**	**22**	**1,197**
UPB ($ Millions)	K-Deal	$610	$134	$922	$2,831	$161	**$4,658**
	SB-Deal	$114	$135	$192	$1,921	$34	**$2,397**
	Q-Deal	$0	$4	$2	$71	$0	**$77**
	PC	$0	$43	$195	$281	$0	**$519**
	Total	**$725**	**$317**	**$1,311**	**$5,104**	**$195**	**$7,652**

Source: Freddie Mac. May not sum to total due to rounding. This population represents the forborne loan population that had May, April or March forborne start dates. There are two loans that had March forbearance start dates. Note, the two K-Deal loans noted as delinquent represents one property that was in special servicing before forbearance.

Of the forborne loans from May or earlier, 79% by loan count and 73% by UPB are currently making their debt service and forbearance payments or have completely repaid their forborne payments.

The current or less-than-30-day population makes up 78% of loans or 67% of UPB. In Exhibit 4, we take a closer look at what makes up that category as well as the breakout of Forbearance 2.0 additional relief. Loans that are making both their debt service and forbearance repayments are either classified as current or approved for a six-month repayment extension, which allows the borrower to repay the forborne amount over 18 months instead of 12 months. That population makes up 73% of loans or 64% of UPB of loans that took forbearance in March, April or May. When terminated loans are included, the population of loans whose forbearance period ended in August or earlier that are currently making payments or have made all their forborne payments is 79% by loan count and 73% by UPB.

Only 1% of loans had their forbearance period extended three months, while 0.3% delayed the start to the forbearance repayments (but are currently making the regularly scheduled debt service payments). Due to reporting timing, 9% of loans are not delinquent but have a loan status of A or B, indicating the payment was not yet due or less than 30 days late. Another 9% of loans have additional relief in process but were not finished by the determination date. We anticipate many of these loans to be updated by the next report.

Exhibit 4: Current and Forbearance 2.0 Status ($ in Millions)

					Forbearance 2.0		
		Current	Loan Status A/B[6]	Additional Relief Pending	6-month Additional Repayment	Delayed Start	Forbearance Extended
Count	K-Deal	163	5	46	1	1	4
	SB-Deal	633	102	57	44	2	8
	Q-Deal	23	3	1	0	0	1
	PC	9	0	1	0	0	1
	Total	**828**	**110**	**105**	**45**	**3**	**14**
UPB	K-Deal	$2,725	$106	$922	$39	$6	$89
	SB-Deal	$1,666	$255	$192	$115	$5	$14
	Q-Deal	$68	$4	$2	$0	$0	$4
	PC	$281	$0	$195	$0	$0	$43
	Total	**$4,740**	**$365**	**$1,311**	**$154**	**$12**	**$151**

Source: Freddie Mac. May not sum to total due to rounding. This population represents the forborne loan population that had May, April or March forborne start dates and have since ended their initial forbearance three-month term and are not terminated nor delinquent. There are two loans that had March forbearance start dates.

Student and Seniors Housing

Given the nature of the pandemic, not every segment of the population has been affected equally. Exhibit 5 breaks out the product type by student housing and seniors housing – two of the hardest hit asset classes. Of the $7.5 billion in forborne loans, 10.1% are student housing and 11.7% are seniors housing facilities.

As the fall semester started in August for universities across the nation, many of the universities canceled in-person classes and instead opted for online learning. Student housing occupancy is holding up relatively well considering the severe effect of COVID-19 on the industry. Piper Sandler, a financial services company, predicts that the occupancy rate among American Campus Communities will open in the 88% to 92% range for the fall of 2020, down from 97.4% for the fall of 2019. However, after the first few weeks of attendance, there are reports of increased COVID-19 cases among the student population, forcing the schools to readjust their programs. While on-campus living has been reduced to keep social distancing, if universities send students home due to a high number of cases, many student apartments may be vacated.

Seniors housing facilities are also being closely monitored because of the vulnerability of those residents. There were 52 seniors housing loans forborne in August, or roughly $882 million, for 5.5% of the total population of Freddie Mac Seniors Housing Loans, half a percentage point higher than the total securitized population.

[6] Status A is when the payment is not yet due or less than 10 days delinquent. Status B is payment that is late but less than 30 days.

Exhibit 5: Forbearance Loans by Product Type

	Student	Seniors
Forborne Loans (Count)	41	52
Total Loans (Count)	616	737
Percent of Loans Forborne	6.7%	7.1%
Forborne Loans (Outstanding UPB)	$762M	$882M
Total Loans (Outstanding UPB)	$11.3B	$16.0B
Percent of UPB Forborne	6.8%	5.5%

Source: Freddie Mac

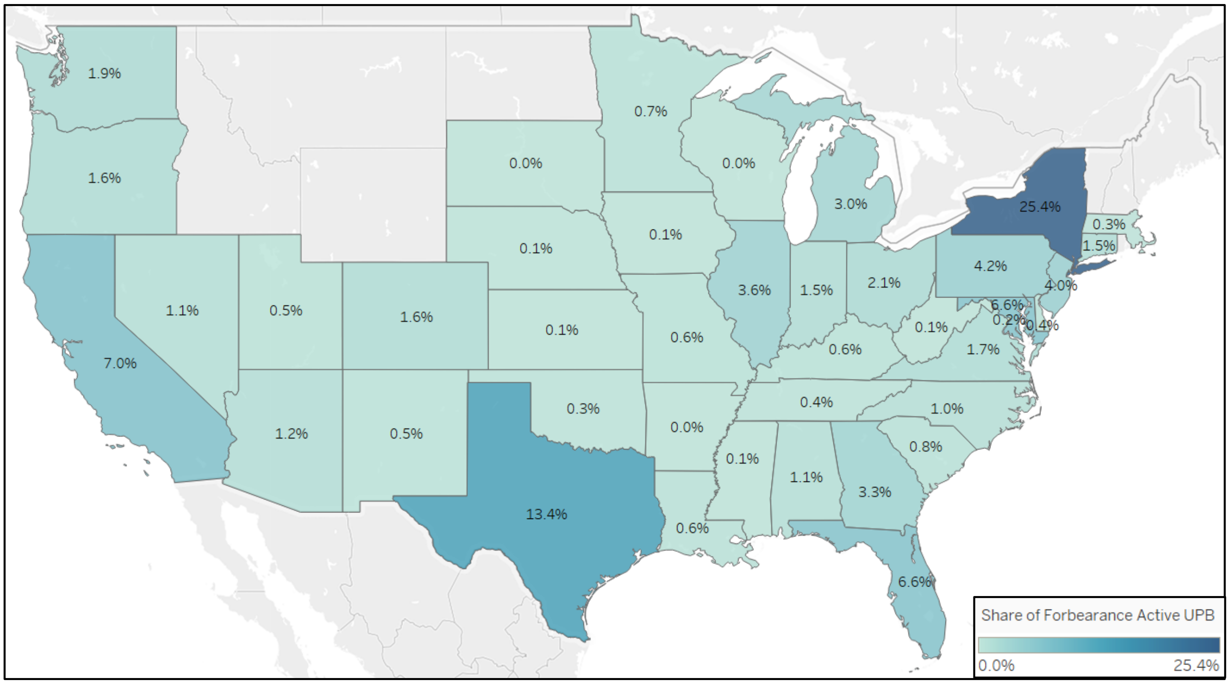
Prevalence by State

Forborne loans are distributed geographically throughout 40 states and the District of Columbia. Exhibit 6 maps the distribution of forborne loans by state; the aggregate sums to 100%. The top five states out of all forbearance requests are New York (25.4%), Texas (13.4%), California (7.0%), Florida (6.6%) and Maryland (6.6%). The top metro areas by percentage of UPB are New York City (26.9%), Baltimore (4.6%), Houston (4.5%), Los Angeles (4.3%) and Philadelphia (3.7%). New York City remains at the top of the metro area partially due to the impact of commercial income, especially in the SBL universe. Specifically, forborne SB-Deal loans received 6.3% of their income from commercial income, compared with only 4.1% of income for all other SB-Deal loans. Although this disparity is small, the relationship is statistically significant, signifying that commercial income composition is positively correlated with probability of forbearance in New York City.

The map below considers UPB instead of loan count, which underrepresents states with a high percentage of SB-Deal loans. For example, 30.4% of forborne loans are in New York, but the state only represents 25.4% of forborne loans by UPB. New York has an unusually high percentage of forborne SB-Deal loans at 87.4%, and since SBLs tend to be much smaller than other securitized loans, that only represents 49.1% of forborne UPB in New York.

Exhibit 6: Percentage of Forborne Loans by UPB by State Out of All Forbearance Requests

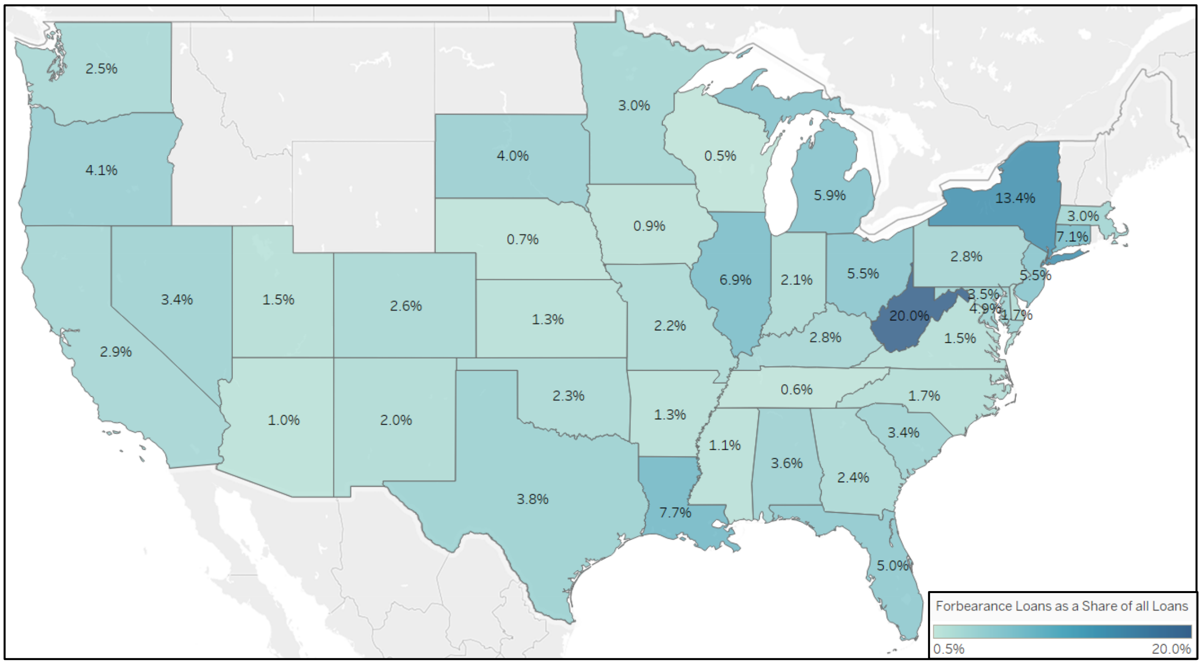
New York, Texas, California, Florida and Maryland are the top five states with loans in forbearance.



Source: Freddie Mac. Note: Alaska and Hawaii are not pictured because they do not have any loans in forbearance at this time. Grayed out states do not have any forborne loans.

The high percentage of forbearance loans in some of these states is not surprising given their large population. In general, a higher percentage of our business is in highly populated states. When we factor in the percentage of forbearance loans to the total population of loans by state, we see in Exhibit 7 a slightly different story. While New York continues to see a high share of forborne loans to total loans in the state at 13.4%, Texas, Florida, Maryland and California see a lower percentage relative to business done there. However, in places like West Virginia, Louisiana and Connecticut, we see a higher percentage of forborne loans relative to the volume of business. This can be attributed to lower deal volume in some of those places, such as West Virginia, which has only 20 securitized loans, and indicates that more populated states are not necessarily experiencing more stress from the pandemic.

Exhibit 7: Forbearance Loans as a Percentage of Loans Financed in the State



Source: Freddie Mac. Note: Alaska and Hawaii are not pictured because they do not have any loans in forbearance at this time. Grayed out states do not have any forborne loans.

Credit Quality

Credit quality of the loans requesting forbearance is illustrated in the following Exhibits, broken out by SB-Deals® and K-Deals®. It captures the mark-to-market DSCR and LTV.[7] As the forbearance program is in its sixth month, some credit metrics will start reflecting DSCRs and LTVs with updated financials or updated mark-to-market values since the pandemic began. This will lead to a mix of pre-crisis and updated credit metrics discussed below across the population of forborne loans. As a result, there is a slight shift of more loans below the 1.25x DSCR compared with the first few months of the forbearance program.

Roughly 71% of forborne loans have DSCRs above 1.25x while 96.6% of forborne loans have LTVs less than or equal to 80%.

Overall, 70.7%, by UPB, of forborne loans have DSCRs greater than 1.25x, and 96.6% have LTVs less than or equal to 80%. We can see some impact to updated DSCRs and LTVs as loan characteristics are updated throughout the year. However, the majority of the population continues to reflect solid credit quality: Only 1.4% of forborne loans have DSCRs below 1.25x and LTVs greater than 80%. While these values reflect a mix of market conditions before and during COVID-19, they provide some color around the strength of the loans going into the crisis. Due to the relatively strong debt coverage and value of these loans, it would take a large shock to values and cash flows for the majority of these loans to be in danger of going underwater and considering default.

In order to fall under a 1.00x DSCR — the point at which property income does not cover monthly debt expenses — those loans would need to experience an average drop in EGI of -19.8%. Only

[7] The DSCR for a property is calculated using the most recent reported income over the current debt service, accounting for either interest-only or fully amortizing loans. The LTV for a loan is calculated using estimated cap rates, except for loans originated in 2019 or after, which uses the underwritten LTV.

6.4% of these loans are close to the borderline, with a drop less severe than -5% needed, but the vast majority would require at least a drop of -10% or more, as seen in Exhibit 8.

Nearly 80% of forborne loans would need to sustain an EGI drop in excess of -10% in order to fall below a 1.00x DSCR.

Exhibit 8: Income Drop Needed to Lower DSCR to Below 1.00x for Forbearance Loans

EGI Change	Loan Count	Percentage of Total
Under -5%	69	6.4%
-5% to -10%	149	13.7%
-10% to -20%	363	33.5%
-20% to -30%	332	30.6%
More than -30%	171	15.8%

Source: Freddie Mac

Credit Quality – SB-Deals

For SB-Deals, roughly 70.8% of forborne loans by UPB have DSCRs greater than 1.25x, and 9.5% have DSCRs less than 1.00x. At the same time, 96.5% of SB-Deal forborne loans have LTVs equal to or less than 80%.[8] Only 18 loans have an LTV above 80% and DSCR below 1.25x.

Exhibit 9: Percent of Forbearance Loans by DSCR for SB-Deals ($ in Millions)

	DSCR				
	<1.00x	**1.00x-1.25x**	**1.25x-1.50x**	**1.50x-2.00x**	**>2.00x**
Forborne Loans (Count)	91	185	257	305	89
% of SB Forborne Loans by Count	9.8%	20.0%	27.7%	32.9%	9.6%
Forborne Loans (UPB)	$235	$486	$700	$795	$252
% of SB Forborne Loans by UPB	9.5%	19.7%	28.4%	32.2%	10.2%

Source: Freddie Mac, most recently reported DSCRs. May not sum to 100% due to rounding.

Exhibit 10: Percent of Forbearance Loans by LTV for SB-Deals ($ in Millions)

	LTV				
	>100%	**80-100%**	**70-80%**	**50-70%**	**<50%**
Forborne Loans (Count)	0	42	402	427	56
% of SB-Deal Forborne Loans by Count	0.0%	4.5%	43.4%	46.1%	6.0%
Forborne Loans (UPB)	$0	$87	$1,038	$1,154	$187
% of SB-Deal Forborne Loans by UPB	0.0%	3.5%	42.1%	46.8%	7.6%

Source: Freddie Mac. LTV computed using estimated cap rates except for loans originated in 2019 or after, which uses the underwritten LTV. May not sum to 100% due to rounding.

[8] Mark-to-market value is net operating income (NOI) divided by cap rate. The NOI is the most recently reported on the property before requesting forbearance. For loans where that is not the most recent quarter, rent is trended to the current quarter with metro-level rent trends. Cap rate is the original property cap rate, adjusted for metro-level cap rate trends since the loan's funding date.

Credit Quality – K-Deals

Across K-Deals, 32.3% of forborne loans have DSCRs at or below 1.25x and 15.8% have DSCRs at or below 1.00x. In general, K-Deal loans tend to have slightly lower DSCRs among forborne K-Deal loans compared with SB-Deal loans. For individual tenants who cannot pay rent, the effect on the cash flow of a larger property is less than that of a smaller property. For example, while an SBL may have a relatively strong DSCR, these properties have fewer tenants, so if some cannot pay their rent, the property owner would expect a greater impact to their cash flows and may request forbearance before any signs of stress on the cash flows; hence a higher percentage of strong DSCR SBLs requesting forbearance.

By comparison, for a K-Deal loan, the number of tenants per property is much higher. If a handful of tenants are unable to pay rent, there would be less of an impact on the cash flows and it is less likely the borrower would need to request forbearance. Despite the slightly lower DSCR among K-Deal loans, the LTV remains strong, at 96.9% of loans with LTV below 80%. Only three loans have DSCR below 1.25x and LTVs above 80%.

Exhibit 11: Percent of Forbearance Loans by DSCR for K-Deals ($ in Millions)

	DSCR				
	<1.00x	**1.00x-1.25x**	**1.25x-1.50x**	**1.50x-2.00x**	**>2.00x**
Forborne Loans (Count)	43	35	39	76	57
% of K-Deal Forborne Loans by Count	17.2%	14.0%	15.6%	30.4%	22.8%
Forborne Loans (UPB)	$693	$727	$633	$1,697	$645
% of K-Deal Forborne Loans by UPB	15.8%	16.5%	14.4%	38.6%	14.7%

Source: Freddie Mac, most recently reported DSCRs. May not sum to 100% due to rounding.

Exhibit 12: Percent of Forbearance Loans by LTV for K-Deals ($ in Millions)

	LTV				
	>100%	**80-100%**	**70-80%**	**50-70%**	**<50%**
Forborne Loans (Count)	1	8	46	135	60
% of K-Deal Forborne Loans by Count	0.4%	3.2%	18.4%	54.0%	24.0%
Forborne Loans (UPB)	$6	$129	$808	$2,912	$539
% of K-Deal Forborne Loans by UPB	0.1%	2.9%	18.4%	66.3%	12.3%

Source: Freddie Mac. LTV computed using estimated cap rates except for loans originated in 2019 or after, which uses the underwritten LTV. May not sum to 100% due to rounding.

Product Type for SBL

SBLs with a 5-year loan term, across fixed rate and hybrid, were more likely to take forbearance than loans with 7-year and 10-year terms, as seen in Exhibit 13. Fixed-rate loans and hybrid loans do not differ significantly in terms of forbearance percentage, perhaps because hybrid loans are still in their fixed-rate period, given the newness of the SBL program.

Exhibit 13: SB Forbearance Loans by Product Type ($ Millions)

	Fixed-Rate			Hybrid		
	5-Year	7-Year	10-Year	5-Year	7-Year	10-Year
Forborne Loans (Count)	43	46	276	411	56	95
Total Loans (Count)	364	515	3,069	3,145	703	1,119
Percent of Loans Forborne	11.8%	8.9%	9.0%	13.1%	8.0%	8.5%
Forborne Loans (Outstanding UPB)	$131	$122	$654	$1,206	$147	$207
Total Loans (Outstanding UPB)	$962	$1,483	$7,748	$8,189	$1,964	$2,622
Percent of Loans Forborne	13.6%	8.2%	8.4%	14.7%	7.5%	7.9%

Source: Freddie Mac. Loan terms for hybrid refer to the fixed portion of the loan. The table does not include 3-year fixed-rate SBL since the population is very small and was only used for one securitized deal. None of the 3-year fixed-rate loans are forborne.

Affordability Comparison

Forborne loans do not differ significantly from other loans in terms of affordability.

Forborne loans do not differ significantly from other loans in terms of affordability. About 27% of properties have at least 20% of their units affordable to very low-income renters (VLI)[9], regardless of forbearance status. SB-Deal loans tend to be more affordable than K-Deal loans for both forborne and non-forborne loans by a considerable margin. Among forborne loans, 27.3% of SB-Deal loans meet the 20% VLI-affordability threshold, compared with 23.3% of K-Deal loans.

When the threshold is increased to 50% of units being affordable to VLI renters, 16.6% of properties are forborne compared with 17.4% of properties that are not forborne. This demonstrates that affordability metrics of these two populations generally move in lockstep and highly affordable properties do not take forbearance at a disproportionate rate.

Forbearance of Securitized Deals

The forborne loan population is dispersed across 220 different pooled securitizations (excluding Multi PC transactions), representing 50.3% of all securitized pool deals. However, that percentage is skewed heavily toward SB-Deals; 94.7% of all SB-Deals have at least one forborne loan compared with 41.2% of all K-Deals. We continue to see a higher concentration among SB-Deals since an outsized portion of renters in these properties have been economically affected by the pandemic. On average, the percentage of forborne loans within a securitized deal is 4.6% of the total pool by loan count and deal UPB. Exhibit 14 breaks out the top 15 of each of the K-Deals and SB-Deals by percent of forborne loans.

[9] VLI is defined as households making at or below 50% of the area median income.

Exhibit 14: Percentage of Forbearance by Deal

Roughly half of all securitized, pooled deals have at least one loan that has been granted forbearance.

K-Deal	Total Loan Count	Total UPB ($ Millions)	% Forbearance (by Count)	% Forbearance (by UPB)	SB-Deal	Total Loan Count	Total UPB ($ Millions)	% Forbearance (by Count)	% Forbearance (by UPB)
KS03	57	$889	56.1%	65.4%	SB68	194	$535	20.1%	27.5%
KF19	13	$202	15.4%	27.2%	SB9	98	$260	17.3%	26.9%
KLU1	16	$709	18.8%	22.8%	SB6	38	$103	15.8%	24.9%
KX01	7	$115	14.3%	16.8%	SB18	29	$57	17.2%	24.8%
KLU2	6	$289	16.7%	15.6%	SB30	100	$237	15.0%	19.4%
KX03	29	$416	17.2%	15.4%	SB60	218	$602	18.8%	19.1%
KF41	10	$277	10.0%	15.3%	SB63	179	$496	13.4%	18.9%
KS06	41	$555	14.6%	13.9%	SB33	84	$162	17.9%	18.2%
KF26	9	$189	11.1%	12.6%	SB52	193	$488	18.1%	18.0%
KJ07	13	$68	15.4%	9.3%	SB28	105	$202	20.0%	17.9%
KF56	20	$689	10.0%	9.0%	SB20	88	$206	12.5%	16.9%
K731	53	$1,197	5.7%	8.8%	SB45	130	$311	15.4%	16.9%
KF08	8	$178	12.5%	8.6%	SB22	61	$154	16.4%	16.3%
KX03SL	12	$33	8.3%	7.6%	SB11	24	$40	12.5%	15.9%
K1501	22	$478	4.5%	7.5%	SB61	217	$592	12.9%	15.7%
K725	52	$1,159	7.7%	6.6%	SB26	63	$161	15.9%	14.9%

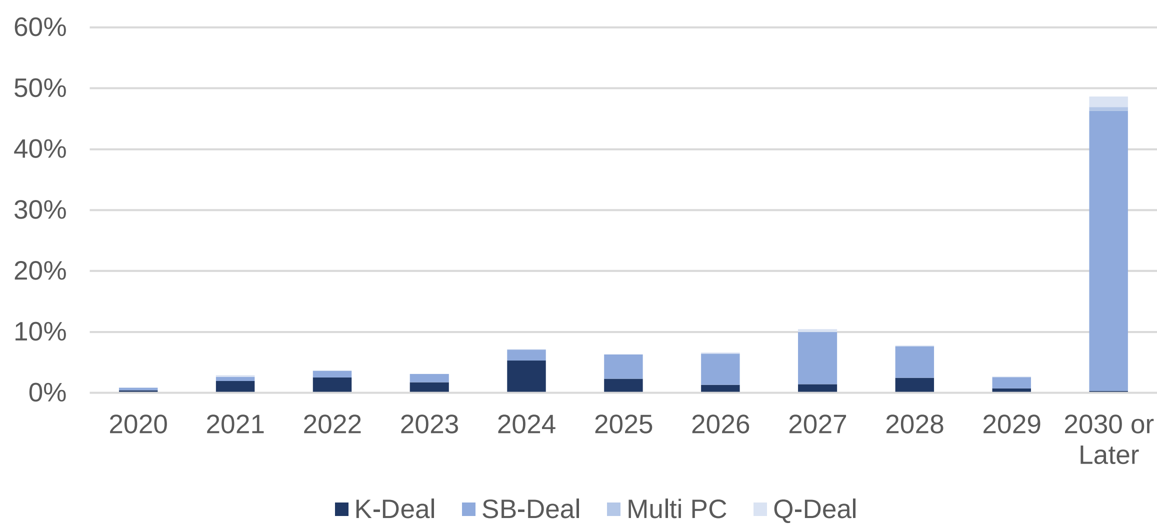
Source: Freddie Mac. Deals with less than five outstanding loans were excluded from the table above.

Maturity Analysis

Most forborne loans have longer maturity terms, as seen in Exhibit 15, which shows the percentage of forborne loans by maturity year. Of the total forborne population, a small percentage have maturity dates over the next few years. Around 10.4% of all the forborne loans by loan count have maturity dates before 2024. The remaining 89.6% of the forborne loans will not mature until 2024 or after. From 2024 to 2028, roughly 6.3% to 7.1% of forborne loans mature each year, except in 2027 when 10.5% of forborne loans are set to mature. We do not expect the forbearance pay-back requirements to impact balloon risk significantly.

Exhibit 15: Percentage of Forbearance Loans by Maturity Year

We do not expect the forbearance repayment requirements to impact balloon risk significantly.



Source: Freddie Mac

With the high jobless rate and lack of a new stimulus package, we expect the forbearance population to remain elevated.

Summary

The total number of forborne loans declined in August for the first month since inception of the program. While many areas are continuing their reopening phases, the pandemic continues to restrict nonessential businesses, keeping the unemployment rate elevated, which cascades down to renter and landlord finances. Furthermore, with the expiration of the enhanced unemployment benefits from the CARES Act at the end of July and no nationwide legislative replacement, there could be further financial pressure on those who no longer qualify for state-level benefits.

Forbearances continue to be more common among SB-Deals, which can be attributed to the increased likelihood that tenants in those properties are more dependent on jobs that are impacted by the pandemic. At the same time, the vast majority of properties have a debt coverage above a 1.00x coverage and an LTV of 80% or below.

The declining forbearance numbers provides reason for hope, but we anticipate the forbearance population will remain elevated as the jobless rate remains high. Furthermore, without robust support for renters, there could be additional stress in the coming months.