Multifamily Securitization Forbearance Report

Data as of September 25, 2020

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Report Highlights

- Master servicers on Freddie Mac securitized loans have reported 1,225 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 September, there was a net increase of two loans in forbearance, relatively flat compared with August's Forbearance Report.
- More than three-quarters of the loans, 78% by loan count and 73% by UPB, whose forbearance period ended in September or earlier, are currently making payments or have made all their forborne payments.
- There are 20 forborne loans that are in special servicing, 17 of which are currently delinquent. Including those 17, there are a total of 33 forborne loans with a balance of $119 million that are reported 90+ days delinquent.
- A higher percentage of the forborne loans are Small Balance Loans (SBL), at 76% by loan count, but 34% by UPB. Since these properties have fewer units, each tenant experiencing stress has a larger impact on property performance.
- Of the total $7.5 billion of forborne loans, 10.3% by UPB 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, 68.4% of the forborne loans have a debt service coverage ratio (DSCR) above 1.25x. Meanwhile, 95.7% 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 41 states and the District of Columbia. The top states are New York, Texas, California, Maryland and Florida.
- Only 3.8% of all the forborne loans have maturity dates before 2022 indicating the forbearance repayment requirements are not expected to impact balloon risk significantly.

COVID-19 continues to have a profound economic impact across the country. Weekly new jobless claims have moderated from their mid-March high of 6.6 million down to 840,000 for the week ending October 3, while continuing unemployment claims remain elevated at 25.5 million. The unemployment rate in September was 7.9%, down for the fifth consecutive month since 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. The continued decline in 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 September Rent Payments

The National Multifamily Housing Council (NMHC) reported September rent payment numbers tracked closely with August, but they are down slightly compared with the prior months.[1] By the end of September, 94.6% of renters made a full or partial rent payment, which is in line with August at 94.5% but down from the prior three months, which saw month-end payments range from 95.1% to 95.9%, and down 0.9 percentage points compared with September of last year. In the first week of October, the collection rate jumped up to 79.4% – the highest first week of the month since June at 80.8% and the same as the prior year's rate – the first month since the pandemic that did not experience a weaker first week collection rate.

The weaker payment rates in August and September can be partially attributed to a loss of income for those without work and the end of July expiration of the enhanced unemployment benefits from the CARES Act. The rebound in October can be attributed to the better job market and recovering economy as people go back to work and are able to pay their rent payments. Despite the stronger labor market, uncertainty regarding the future of the federal stimulus efforts and unemployment benefits may stress tenants' ability to make timely or full rent payments if the unemployment rate remains elevated.

Borrowers requesting an initial forbearance must make a written request and provide a delinquency and forbearance report demonstrating the effect of the national COVID-19 emergency on the property's operation and performance. 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 supplemental relief options for qualified borrowers who currently have forbearance in place and continue to be impacted by the effects of the pandemic, and have a reasonably foreseeable recovery of performance to that existing prior to the impacts of COVID-19, 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 by three months following forbearance; to extend the repayment period by three or six months; or to extend the forbearance period by three months with an optional extended repayment period up to 24-months. Servicers will review updated financials provided by the borrower to determine whether one

[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.

of the options is appropriate. In some cases, however, none of the options may be feasible and those borrowers will be referred to a special servicer for alternative resolution.

Forbearance Loan Characteristics

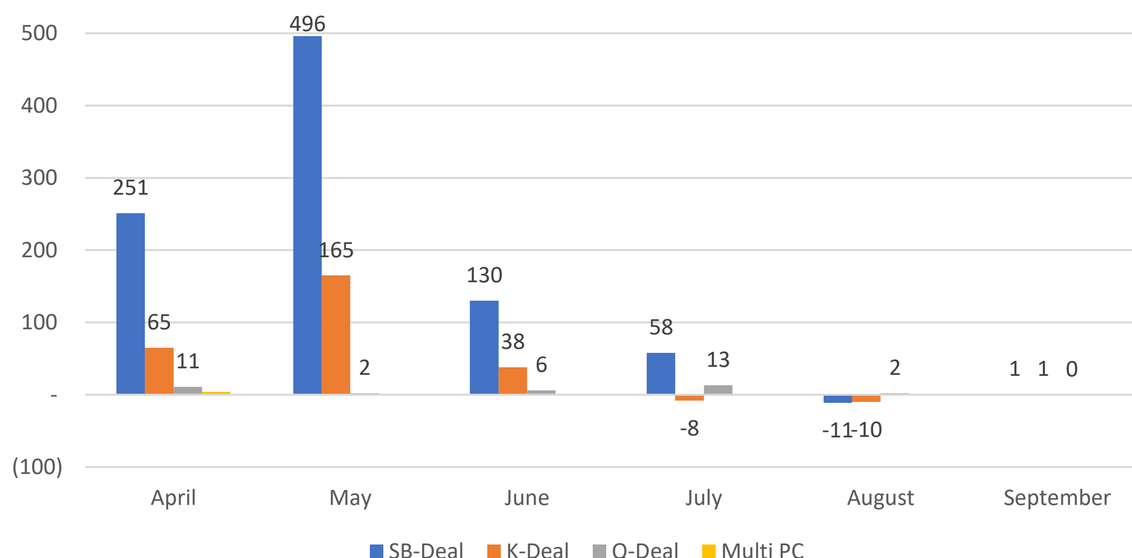
Basic Characteristics

Master servicers of Freddie Mac loans have reported 1,225 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 September 25,[2] the master servicers reported 1,225 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. It does not include loans for which forbearance has terminated. Terminated refers to loans that have repaid all forborne amounts in full either during the three-month forbearance period or after the forbearance period and are no longer considered forborne loans.

September saw a net increase of two loans from the August Forbearance Report. Exhibit 1 shows the monthly change for the volume of forborne loans. In September, four loans terminated their forbearance and six new loans entered forbearance.[3]

Exhibit 1: Monthly Change in Forbearance Loans



Source: Freddie Mac. Excludes loans that have paid off.

The average UPB of forborne loans in September 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 with small balance loans represents a greater proportion of overall cash flows. The SBL

[2] This date references the loans in forbearance as of the reporting date of September 25.
[3] Our analysis does not include forborne loans that have paid off. There were 10 terminated loans that have paid off in full.

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)	251	928	34	12
Total Loans (Count)	13,795	9,005	1,283	539
Percent of Loans Forborne	1.8%	10.3%	2.7%	2.2%
Forborne Loans (Outstanding UPB)	$4.4B	$2.5B	$126M	$547M
Total Loans (Outstanding UPB)	$275.7B	$23B	$3.2B	$9.6B
Percent of Loans Forborne	1.6%	10.6%	4.0%	5.7%

Source: Freddie Mac

Forbearance 2.0

In late June, Freddie Mac introduced Forbearance 2.0, which requires the applicable servicer to review the unique facts and circumstances with respect to the borrower and property to determine whether (1) COVID-19 continues to be the underlying cause of the impairment of performance, and (2) that the supplemental options (to adjust their forbearance period and/or payback period), if any, would provide a reasonably foreseeable recovery of performance of the property to that existing prior to the impacts of COVID-19. There are 1,266 loans that took forbearance in June or earlier.[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 supplemental relief was approved.

There are 33 forborne loans reported as 90+ days delinquent. Of those, roughly half are in special servicing.

Exhibit 3 shows the breakout of forborne loans whose three-month forbearance period came to an end in September or earlier. There are 72 loans that were reported as having terminated forbearance, not including 10 loans that have paid off, which indicates that they have repaid all their forborne payments and have no remaining advanced principal and interest payments (P&I).[5] We saw 164 loans granted, or in the process of obtaining, additional relief through Forbearance 2.0. This represents 13% of loans, or 20% 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 33 loans for $119 million that started forbearance in June or earlier and are considered 90+ days delinquent as of the determination date used to populate the September trustee reports.[6] This represents only 2.6% by loan count of the forborne population and 1.5% by UPB. These loans had no additional relief in process or approved and did not resume payment of the scheduled debt

[4] This total may not match the past monthly forbearance reports 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.

[6] Freddie Mac forbearance loans are not considered delinquent while the borrower is subject to and in compliance with the terms of a forbearance agreement. If a borrower fails to comply with the terms of the agreement, however, the loan then is considered delinquent as of the date of the first forborne payment.

service plus one-twelfth of the forborne payment. There are 20 forborne loans that are in special servicing, 17 of which are currently delinquent. Due to reporting timing, we anticipate this number will change but will not be captured until next month's reporting.

Exhibit 3: Forbearance Update

		Terminated	Additional Relief Approved	Additional Relief in Process	Current or <30 day	Delinquent	Total
Count	K-Deal	34	24	32	182	5	**277**
	SB-Deal	38	89	15	777	27	**946**
	Q-Deal	0	2	0	29	0	**31**
	PC	0	2	0	9	1	**12**
	Total	**72**	**117**	**47**	**997**	**33**	**1,266**
UPB (in Millions)	K-Deal	$725	$519	$567	$3,172	$50	**$5,033**
	SB-Deal	$109	$236	$65	$2,041	$65	**$2,516**
	Q-Deal	$0	$12	$0	$107	$0	**$119**
	PC	$0	$238	$0	$304	$4	**$547**
	Total	**$834**	**$1,005**	**$632**	**$5,624**	**$119**	**$8,215**

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

Of the forborne loans from June or earlier, 78% by loan count and 73% by UPB are currently making their debt service and forbearance repayments or have completely repaid their forborne payments.

The current or less-than-30-day population makes up 79% of forborne loans or 68% 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 78% of loans or 73% of UPB of loans that took forbearance in June or earlier. When terminated loans are included, the population of loans whose forbearance period ended in September or earlier that are currently making payments or have repaid all their forborne payments is 83% by loan count and by UPB.[7]

Only 3% of loans had their forbearance period extended three months, while 1% delayed the start to the forbearance repayments (but are currently making the regularly scheduled debt service payments). Due to reporting timing, 6.5% 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 4% 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.

[7] Additional Relief Pending may include loans that have made a payment per their trustee report but are not included in our calculation of loans that are currently making their payments until the pending relief was finalized.

Exhibit 4: Current and Forbearance 2.0 Status

					Forbearance 2.0		
		Current	Loan Status A/B[8]	Additional Relief Pending	6-month Additional Repayment	Delayed Start	Forbearance Extended
Count	K-Deal	181	1	32	10	2	12
	SB-Deal	706	71	15	58	4	27
	Q-Deal	19	10	0	0	1	1
	PC	9	0	0	1	0	1
	Total	**915**	**82**	**47**	**69**	**7**	**41**
UPB (in Millions)	K-Deal	$3,165	$7	$567	$274	$15	$229
	SB-Deal	$1,845	$196	$65	$149	$12	$76
	Q-Deal	$87	$20	$0	$0	$8	$4
	PC	$304	$0	$0	$195	$0	$43
	Total	**$5,401**	**$222**	**$632**	**$618**	**$35**	**$352**

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

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, 10.3% are student housing and 11.7% are seniors housing facilities.

Student housing occupancy is holding up relatively well considering the severe effect of COVID-19 on the industry. RealPage reported that September occupancy matched August's pre-lease occupancy across the 175 schools tracked. 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 September, or roughly $881 million, for 5.5% of the total population of Freddie Mac Seniors Housing Loans – half a percentage point higher than the total securitized population.

[8] 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)	43	52
Total Loans (Count)	612	735
Percent of Loans Forborne	7.0%	7.1%
Forborne Loans (Outstanding UPB)	$776M	$881M
Total Loans (Outstanding UPB)	$11.3B	$16.0B
Percent of UPB Forborne	6.9%	5.5%

Source: Freddie Mac

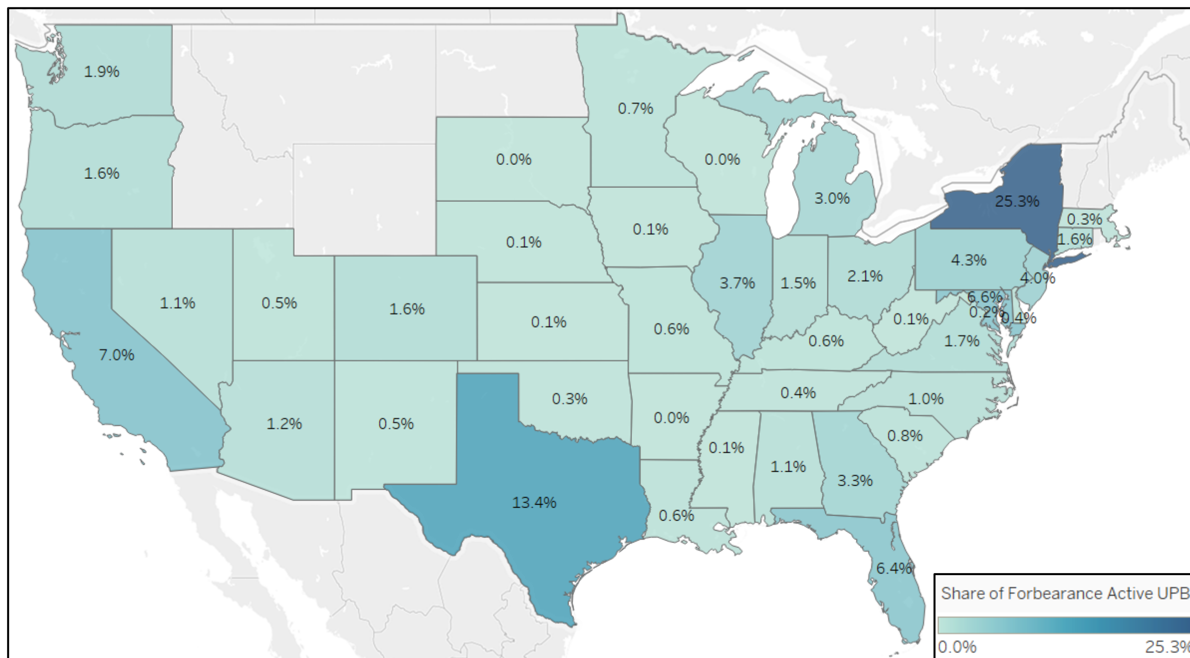
Prevalence by State

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 (25.3%), Texas (13.4%), California (7.0%), Maryland (6.6%) and Florida (6.4%). 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 list partially due to the impact of commercial income loss, 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, 27.8% of forborne loans are in New York, but the state only represents 25.3% 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 loan UPB in New York.

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

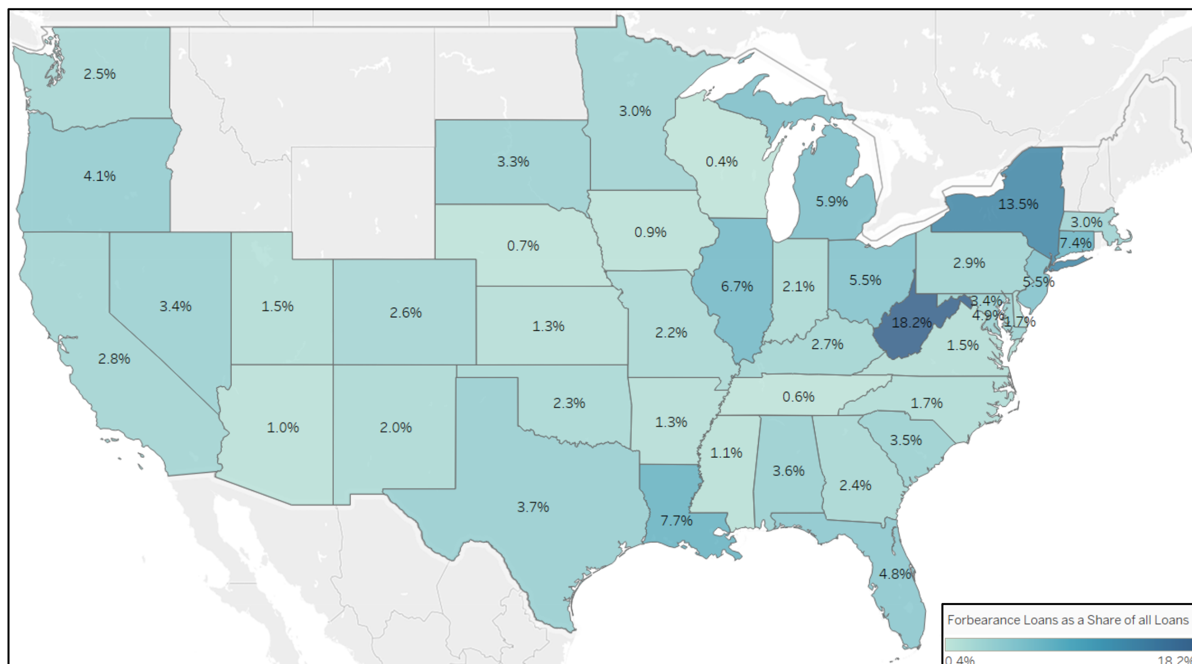
New York, Texas, California, Maryland and Florida are the top five states with loans in forbearance.



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 13.5%, 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 22 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.[9] As the forbearance program is in its seventh 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 68% of forborne loans have DSCRs above 1.25x while 95.7% of forborne loans have LTVs less than or equal to 80%.

Overall, 68.4% by UPB of forborne loans have DSCRs greater than 1.25x, and 95.7% 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 3% 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 -19.4%. Only

[9] 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.

7.4% 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%	78	7.4%
-5% to -10%	139	13.2%
-10% to -20%	381	36.0%
-20% to -30%	299	28.3%
More than -30%	160	15.1%

Source: Freddie Mac

Credit Quality – SB-Deals

For SB-Deals, roughly 67% of forborne loans by UPB have DSCRs greater than 1.25x, and 11.6% have DSCRs less than 1.00x. At the same time, 92.8% of SB-Deal forborne loans have LTVs equal to or less than 80%.[10] Only 31 loans have an LTV above 80% and DSCR below 1.25x.

Exhibit 9: Percent of Forbearance Loans by DSCR for SB-Deals

	DSCR				
	<1.00x	**1.00x-1.25x**	**1.25x-1.50x**	**1.50x-2.00x**	**>2.00x**
Forborne Loans (Count)	113	196	255	280	84
% of SB Forborne Loans by Count	12.2%	21.1%	27.5%	30.2%	9.1%
Forborne Loans (UPB)	$286M	$519M	$707M	$717M	$243M
% of SB Forborne Loans by UPB	11.6%	21.0%	28.6%	29.0%	9.8%

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

	LTV				
	>100%	**80-100%**	**70-80%**	**50-70%**	**<50%**
Forborne Loans (Count)	0	67	410	398	53
% of SB-Deal Forborne Loans by Count	0.0%	7.2%	44.2%	42.9%	5.7%
Forborne Loans (UPB)	$0M	$143M	$1,069M	$1,081M	$178M
% of SB-Deal Forborne Loans by UPB	0.0%	5.8%	43.3%	43.7%	7.2%

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.

[10] 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, 65.8% of loans have DSCRs above 1.25x and 19.1% have DSCRs at or below 1.00x. In general, forborne K-Deal loans tend to have slightly lower DSCRs 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 96.6% of loans with LTV below 80%. Only four loans have a DSCR below 1.25x and an LTV above 80%.

Exhibit 11: Percent of Forbearance Loans by DSCR for K-Deals

	DSCR				
	<1.00x	1.00x-1.25x	1.25x-1.50x	1.50x-2.00x	>2.00x
Forborne Loans (Count)	50	35	34	75	57
% of K-Deal Forborne Loans by Count	19.9%	13.9%	13.5%	29.9%	22.7%
Forborne Loans (UPB)	$840M	$666M	$862M	$1,405M	$623M
% of K-Deal Forborne Loans by UPB	19.1%	15.1%	19.6%	32.0%	14.2%

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

	LTV				
	>100%	80-100%	70-80%	50-70%	<50%
Forborne Loans (Count)	1	9	52	134	55
% of K-Deal Forborne Loans by Count	0.4%	3.6%	20.7%	53.4%	21.9%
Forborne Loans (UPB)	$6M	$143M	$951M	$2,821M	$474M
% of K-Deal Forborne Loans by UPB	0.1%	3.2%	21.6%	64.2%	10.8%

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-Deal Forbearance Loans by Product Type

	Fixed-Rate			Hybrid		
	5-Year	7-Year	10-Year	5-Year	7-Year	10-Year
Forborne Loans (Count)	43	46	277	409	57	96
Total Loans (Count)	362	535	3,051	3,179	758	1,115
Percent of Loans Forborne	11.9%	8.6%	9.1%	12.9%	7.5%	8.6%
Forborne Loans (UPB, $M)	$131	$122	$659	$1,203	$150	$208
Total Loans (UPB, $M)	$956	$1,536	$7,682	$8,314	$2,119	$2,609
Percent of Loans Forborne	13.7%	7.9%	8.6%	14.5%	7.1%	8.0%

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 (VLI) renters[11], 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 23.6% of K-Deal loans.

When the threshold is increased to 50% of units being affordable to VLI renters, 16.7% 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 219 different pooled securitizations (excluding Multi PC[SM] transactions), representing 50.5% of all securitized pool deals. However, that percentage is skewed heavily toward SB-Deals; 94.8% of all SB-Deals have at least one forborne loan compared with 39.1% 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 4.7% of the total pool by loan count and 4.5% by deal UPB. Exhibit 14 breaks out the top 15 of each of the K-Deals and SB-Deals by percent of forborne loans.

[11] 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	$887	56.1%	65.4%	SB68	194	$534	20.1%	27.5%
KF19	13	$202	15.4%	27.2%	SB9	97	$257	17.5%	27.2%
KLU1	16	$709	18.8%	22.7%	SB18	27	$54	18.5%	26.0%
KX01	7	$115	14.3%	16.8%	SB6	38	$103	15.8%	25.0%
KF41	9	$259	11.1%	16.3%	SB30	97	$224	15.5%	20.5%
KLU2	6	$288	16.7%	15.6%	SB60	217	$598	18.9%	19.3%
KX03	29	$416	17.2%	15.4%	SB63	179	$496	13.4%	18.9%
KS06	41	$554	14.6%	13.9%	SB33	84	$162	17.9%	18.2%
KF26	9	$189	11.1%	12.6%	SB52	191	$484	18.3%	18.2%
KJ07	13	$68	15.4%	9.3%	SB28	105	$202	20.0%	17.9%
KF56	20	$689	10.0%	9.0%	SB20	88	$205	12.5%	16.9%
K731	53	$1,196	5.7%	8.8%	SB45	129	$310	14.7%	16.6%
KF08	8	$178	12.5%	8.6%	SB61	213	$574	13.1%	16.2%
KF30	11	$195	9.1%	8.5%	SB11	24	$40	12.5%	15.9%
KX03SL	12	$33	8.3%	7.6%	SB22	60	$151	15.0%	15.5%

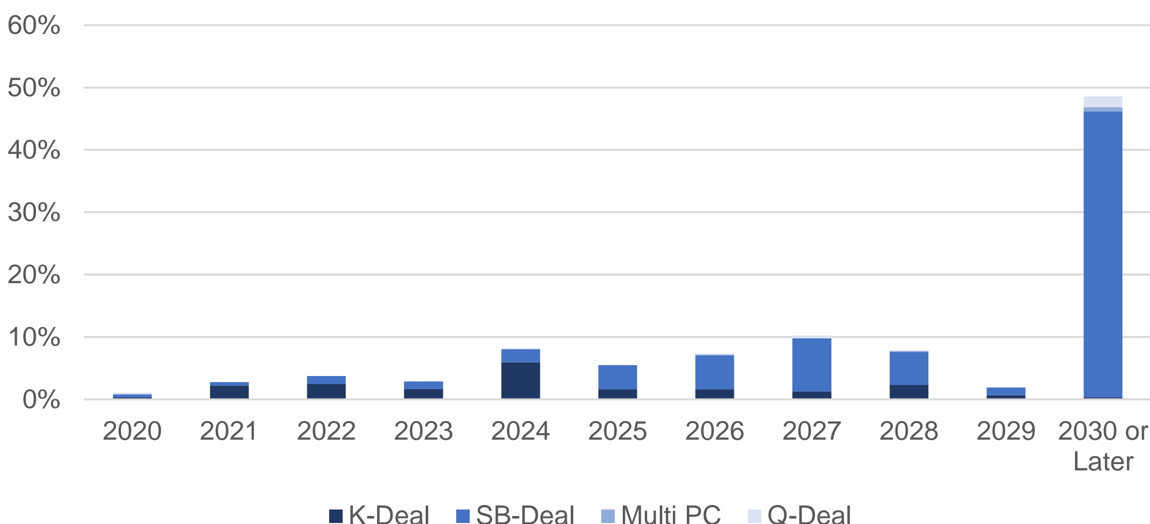
Source: Freddie Mac. Deals with fewer than five outstanding loans were excluded from the table above.

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 5.5% to 8.1% of forborne loans mature each year, except in 2027 when 10.3% 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 uncertainty regarding the duration of the pandemic's impact on the economy and the lack of new stimulus package, we expect the forbearance population to remain elevated.

Summary

The total number of forborne loans increased slightly in September, up two loans from August. While many areas are continuing their reopening phases, the labor market continues to recover but unemployment remains elevated. As renters remain out of work, this will cascade down to renter and landlord finances. Furthermore, with the end of July expiration of the enhanced unemployment benefits from the CARES Act and no nationwide legislative replacement, there could be further financial pressure on those who no longer qualify for state-level benefits. We anticipate the forbearance population will remain elevated as the jobless rate remains high and properties pay back their forborne payments.