

Mortgage Relief During COVID-19

Concerned about paying your mortgage during the coronavirus national emergency? The CARES ACT can help.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides many homeowners with the right to have all mortgage payments completely paused for a period of time. During the coronavirus pandemic, the Consumer Financial Protection Bureau (CFPB), Federal Housing Finance Agency (FHFA), and the U.S. Department of Housing and Urban Development (HUD) are working together to help homeowners. This is what you need to know:

What is a Mortgage Forbearance?

Mortgage Forbearance is when your mortgage servicer or lender allows you to pause (suspend), or reduce your mortgage payments for a limited period of time

- ✿ Forbearance doesn't mean your payments are forgiven or erased.
- ✿ Homeowners are still required to **repay** any missed or reduced payments in the future, which in most cases may be repaid over time.



How does the CARES Act help homeowners during the coronavirus pandemic?

- ✿ Provides many homeowners, with mortgages that are federally or Government Sponsored Enterprise (GSE) backed or funded by FHA, VA, USDA, Fannie Mae, or Freddie Mac, the right to have all mortgage payments completely paused for a period of time.
- ✿ Starting July 1, 2020, Fannie Mae and Freddie Mac will begin offering new deferral programs for homeowners, able to return to making normal monthly mortgage payments, the ability to repay missed payments when the home is sold, refinanced or at maturity.
- ✿ Lenders or loan servicers have a foreclosure moratorium until June 30, 2020.
- ✿ Gives homeowners the right to request a forbearance for up to 180 days and the right to request an extension for another 180 days.
- ✿ Protects the homeowner from additional fees, penalties or interest (beyond scheduled amounts) added to the homeowners account during the paused period of time.

Who qualifies for a mortgage forbearance under the CARES Act?

- ✿ Homeowners with mortgages that are federally or Government Sponsored Enterprise (GSE) backed or funded by FHA, VA, USDA, Fannie Mae, or Freddie Mac.
- ✿ If a homeowner has a mortgage loan that is **not** backed by FHA, VA, USDA, Fannie Mae or Freddie Mac, the loan is not covered by the CARES Act. **Contact the mortgage lender to see what options are available.**

How do I apply for a mortgage forbearance?

- ✿ Homeowners must contact their mortgage lender to request a mortgage forbearance.
 - Contact information is located on the monthly mortgage statement.
 - Have your account number handy when contacting the mortgage lender
- ✿ Homeowners only need explain that they have a pandemic-related financial hardship, directly or indirectly related to the pandemic. No additional documentation is required.
- ✿ Before contacting the mortgage lender, check the lender's website for additional information regarding the application process and/or you can apply online.

What questions do I need to ask my mortgage lender?

- ✿ What options are available to help temporarily reduce or suspend my payments?
- ✿ What are the criteria you will use to determine my forbearance?
- ✿ What are my rights if I disagree with your determination?
- ✿ Will I owe the entire unpaid amount in a lump sum once the pause period has ended or at the end of the loan term?
- ✿ Can the loan term be extended so missed payments are added to the end of the mortgage?
- ✿ Will subsequent monthly payments be higher for a period of time to make up the deferred amount?
- ✿ Will interest be charged on my unpaid mortgage payments during forbearance?

Tips for when the mortgage forbearance is approved:

- ✿ **Ask for the mortgage forbearance agreement in writing.** Once the forbearance or another mortgage relief option are secure, request a written document that confirms the details of the forbearance agreement. Make sure you're clear on the terms of the agreement and keep the document on hand.
- ✿ **Pay attention to your monthly mortgage statement.** Continue monitoring your monthly mortgage statements to make sure you don't see any errors.
- ✿ **Stop or change auto-payments for your mortgage.** If you are having your mortgage payment, make sure you make any necessary adjustment to avoid any fees or charges.
- ✿ **Keep an eye on your credit.** It's a good idea to routinely check your credit reports in order to make sure there are no errors.

- ✿ **Once your income is restored, contact your mortgage lender and resume your payments.** With forbearance, you still owe the payments that you missed, but fewer missed payments mean you'll owe less down the road.
- ✿ **If you still face financial hardship, you can request a forbearance extension.** Under the CARES Act, if you have a federally or GSE-backed mortgage, you also can request an extension of the forbearance for up to an additional 180 days.
- ✿ **Your property taxes, insurance, HOA and Condo fees** should continue to be paid if your mortgage has an escrow account. If your mortgage does not have an escrow account, you are still responsible for these payments.
- ✿ **Watch for Scams!** Remember to work directly with your mortgage lender and avoid fraudulent letters, emails and text with false claims of "better offers".

Additional Resources

Consumer Finance Protection Bureau (CFPB)

www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/#options

Federal Housing Finance Agency (FHFA)

www.fhfa.gov/Homeownersbuyer/MortgageAssistance/Pages/Coronavirus-Assistance-Information.aspx

US Department of Housing and Urban Development (HUD)

www.hud.gov

Housing Counselors

U.S. Department of Housing and Urban Development (HUD)-approved housing counselors can discuss options with you if you're having trouble paying your mortgage or managing your reverse mortgage. Visit www.consumerfinance.gov/find-a-housing-counselor/

Credit Counselors

Reputable credit counseling organizations are generally non-profit organizations that can advise you on your money and debts, and help you with a budget. Some may also help you negotiate with creditors. Visit www.consumerfinance.gov/ask-cfpb/what-is-credit-counseling-en-1451/

Protecting Your Credit During the Coronavirus Epidemic:

www.consumerfinance.gov/about-us/blog/protecting-your-credit-during-coronavirus-pandemic/